# FINANCIAL TIMES

35p — Saturday May 18 1985 — No. 29,627



WORLD NEWS

## Unionists in link to snub Sinn Fein

A pact by Unionist parties to ostracise newly-elected Sinn Fein councillors may herald a truce to their rivalry but could cause troubla in some councils.

They are likely to ignore Sinn Fein on councils where they have a majority, and to use disruptive tactics in cases where Sinn Fein and the SDLP make up a nationalist majority.

Sinn Fein's vote did not increase but it will lead Dublio to stress to Britain the importance of bringing Catholics into the political process. Back Page

### Kerb-crawl Bill revived

A Bill to outlaw kerb-crawling was revived after a deal betweeo its critics and Home Office Ministers. After an unopposed third reading, it now goes to the Lords and could be in force by July.

### Bradford inquiry date

Mr Justice Popplewell's inqoiry into the Bradford City fire is to open on June 5, and a full loquest into the 52 deaths will not take place until it eods. A fire which destroyed part of a wooden stand at a Torquay football ground is believed to have been caused by ao electrical fault.

### Biffen firm on reform

Leader of the Commons John Biffen said the Government would press on with a sweeping social security review despite Tory unease and Labour criticism. Page 4

### Iran opposition protest

Thoosands of Iranians jammed Tehran streets in response to a call by former Premier Shahpour Bakhtiar to protest against the government and the war with Iraq. Page 2

### Soldier kills civilians

A Sri Lankan soldier shot dead six Tamil civilians in Anuradhapura before an officer killed him and restored order.

### Kinnock savages Owen

SDP leader Dr David Owen had "an ego fat oo arrogance and drunk with ambition," Labour leader Neil Klonock charged in a sharp persooal attack. Page 4

### Gangster goes free

"Mad" Frankie Fraser, a member of the Charles Richardson torture gang in the 1960s, left Wormwood Scrubs jail after 19 years.

### Sextuplet dies

Daniel, one of sextuplets born to Jane Underhill in Cambridge on May 2, died after an emergency bowel operation.

### Cave-in kills 10

At least 10 Japanese coalminers were killed and 55 trapped by a cave-in at a pit in the oorth of the country.

### Peru police hold 4,500

Peru police arrested 4,500 people — including 1,000 prostitutes and 500 children living on Lima streets — following a wave of guerrilla killings.

### Albania looks abroad

A visit by an Italiao official is the first indication that Albania may end its isolation from the rest of the world, imposed by former leader Enver Hoxha.

### Equal rights in Japan

Japan's parliameot passed a law giving woman equal opportunities in business. It provides no penalties for non-compliance.

### Steppe forward

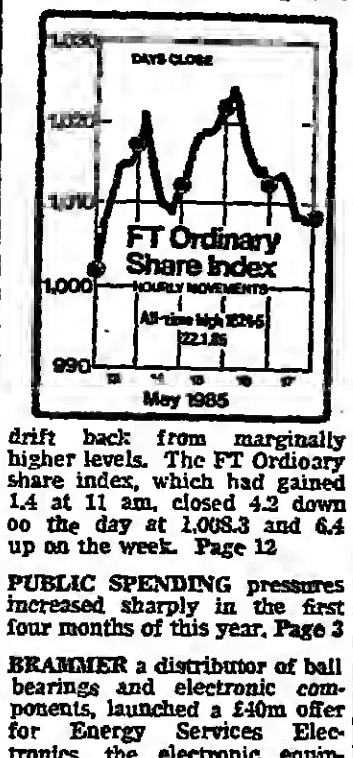
China is to offer tax incentives to tent factories, to belp 100,000 Tibetan and Moogol nomads exchange traditional yak-bair yurts for modern canvas tents.

BUSINESS SUMMARY

## Manchester Steel to slash output

MOST OF Manchester Steel's production capacity is to be shut at a cost of 500 jobs in a deal between Elkem, its Norwegian parent, and Allied Steel and Wire. Elkem, a broadly based metals group, will take 4 per cent in Allied, a BSC-Guest Keen and Nettlefolds company. Back Page

LONDON EQUITIES closed tha first leg of the three-week trading account on a subdued note. The rise in inflation was expected, but shortly after the announcement shares began to




drift back from marginally higher levels. The FT Ordioary share index, which had gained 1.4 at 11 am, closed 4.2 down oo the day at 1,008.3 and 6.4 up on the week. Page 12

PUBLIC SPENDING pressures increased sharply in the first four months of this year. Page 3

BRAMMER a distributor of ball bearings and electronic components, launched a £40m offer for Energy Services Electronics, the electronic equipmeot rental group which fought off a bid from Peek Holdiogs earlier this week. Back Page

DRUG COMPANIES Hoffman-La Roche of Switzerland and Schering-Plough of the U.S. buried their differences over the production of interferon, the anti-cancer agent. Back Page

U.S. HOUSE of Representatives Budget committee approved Democratic proposals to cut $56bn (£45bn) from the budget deficit. Page 2

FRENCH unemployment fell for the third consecutive month in April to 2.39m from 2.42m in March. Page 2

BANK OF CANADA has lent almost C$1bn (£585m) since mid-March to help at least three Canadian banks overcome liquidity problems. Page 2

U.S. approved the installation of the first private enterprise transatlantic telephone cables. Paga 4

MIDLAND BANK has assigned Mr John Brooks, deputy group chief executive, to integrate Crocker National Bank, its troubled Californian subsidiary, into the Midland Bank group. Page 4

NIGERIA is set to concluda counter-trade deals with Italy and Brazil worth $850m (£672m). Back Page

F. H. TOMKINS, a West Midlands engineering group, is raising £11.7m through a two-for-seveo rights issue. Page 8

MIDLAND BANK'S newly issued $750m (£600m) perpetual floating rata note was rated BBB+ by Standard & Poor's, the U.S. credit rating agency, raising worries that the rash of these issues launched by UK banks may prova risky investments. Back Page

MICHELIN, the French tyre maker, reported a net loss of Fr 2.24bn (£188.75m) last year against FFr 2.14bn previously. Page 9

AVIS, tha car rental group, is moving to franchising as a plank for expansion in the UK. Page 4

# Jolt for Government as inflation rate rises to 6.9% in April

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE GOVERNMENT'S financial policies came under renewed pressure yesterday with news that the annual inflation rate jumped to nearly 7 per cent in April, significantly more than expected.

Yesterday's figures showed a steady acceleration in the year-on-year rate of increase in retail prices from 5 per cent in January to 6.9 per cent last month, the bighest sioce September 1982.

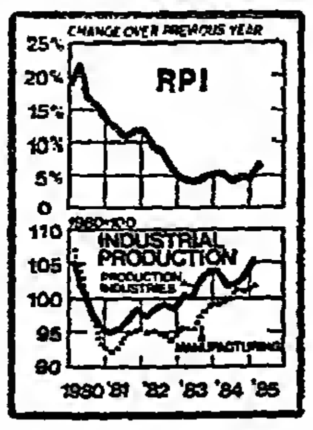
Although ministers said they expected the rise to be temporary, the figures are the latest in a series of unpleasant jolts for the Government's anti-inflatioo strategy.

Separate figures released yesterday showed that manufacturer's wage casts per unit of output rose at an annual rate of 5.7 per cent in the first three months of this year. That compares with falls of 5 per cent in Japan, of 1 per cent in West Germany and of 3 per cent in Canada, and a rise of only 1 per cent in tha U.S.

Another set of figures yesterday showed that Governoient spending in the first four mooths of this year was 9 per cent higher than a year earlier. This rise is almost three times as fast as the Government's target for the increase in public spending this year.

Tha Bank of Eogland estimated this week that the money supply as broadly definrd by sterling M3 rose at an annual rate of 15.5 per cent in the last six months, widely overshooting the curreot upper target of nine per cent.

These rather gloomy indicators were balanced, however, by




further evidence that the recovery of output is continuing steadily.

The latest industrial production figures, for March, showed a 2.2 per cent rise in output in the first quarter of this year against the last three mooths of 1984, although about half this was becausa the coal strike ended.

The financial markets took the latest batch of indicators calmly yesterday. The City sems to have accepted the authorities' view that a number of temporary factors are at work to put pressure on borrowing, the money supply and retail prices.

Sterling remained firm aod government stock prices were little changed.

Nevertheless, the Government decided to play a cautious band in the gilt-edged market, despite the need to step up the pace of fundiog, to bring the money supply back under cootrol.

It decided against announcing a new medium to long-dated tap stock that many analysts had been expecting. Instead, with perhaps, an eya on the latest inflation figure, the Bank said it would issue three small tranches, worth £40m, of existing index-linked stocks. They are: £100m of 2 per cent stock due in 1990, £150m of 2½ per cent stock due in 2001 and £150m of 2½ stock due in 2011.

Mr Nigel Lawson, Chancellor of tha Exchequer, said yesterday he still firmly expected that the inflation rate would fall again in tha second balf of the year, after edging up in the first half. Nooetheless he said the 6.9 per cent figure for April was "too high for comfort."

In a speech in Leicester, he said: "I see no reason at this stage to alter the Budget forecast of an overall inflation figure of around 5 per cent by the end of the year and lower still in 1986."

City analysts generally agree that the iofiation rate is likely to come down after the summer, but many now believe the rate could climb significaotly above 7 per cent in the next few months aod may not fall much below 6 per cent by the end of the year.

Yesterday's inflation figures showed a 2.1 per cent rise in the Retail Prices Index in April to 373.9 (1974=100), with iocreases in a broad range of items. These included the rises in duties on tobacco and alcohol aod other items announced in the Budget; iocreases in the council rents aod mortgage payments, which pushed up

Continued oo Back Page
Big rise in public spending, Page 3

# NUR to defy High Court over Underground strike

BY WALTER ELLIS

THE executive committee of the National Union of Railwaymeo voted yesterday to defy a High Court injunction and to go ahead with its call for an indefinite strike by London Underground staff from Monday.

Tha unanimous decision was taken by the 26-strong executive after 2½ hours of talks.

Further court action is considered inevitable as London Regional Transport, which is fighting to keep tha system running, seeks to recover damages from the union that could exceed £250,000. Sequestration of union assets could follow any refusal by the NUR to pay fines.

No ballot of members' wishes was held by the NUR executive before a strike call, on the issue of the one-man operatioo of trains, was issued on Thursday. Pre-strike ballots are compulsory under the 1984 Trade Union Act.

Last year's NUR annual conference mandated the executive to refuse to comply with the Government's trade union laws "and any other anti-union legislation."

The key figures oo Monday will be the 1,000 NUR drivers employed by LRT. If most of them refuse to work the network—the largest underground railway system lo the world—could be paralysed.

Aslef, tha other maio rail union, has said that its LRT drivers—also numbering about 1,000—will not be party to the dispute but will refuse to cross picket lines set up by the NUR.

Yesterday's injunctioo was granted by Mr Justice Tudor Price, who ruled on Londoo Regional Transport's application after a closed heariog.

The NUR was not represented, in spite of an adjournment intended to give it more time in which to appear. Ostensibly, this was because the union felt it had been told too late about the LRT move.

LRT said yesterday it would seek to enforce the injunction, if necessary, by bringing proceedings for contempt of court. Such action could result in fioes based on an assessment of lost locome and there would be a likelihood of sequestration of union assets if tha NUR refused to pay fines.

LRT hopes enough NUR members will ignore the strike call to enable it to provide some kind of service.

One-man operatioo of tube trains already applies to the Circle and Hammersmith and and City lines. LRT wants to extend the practice to the East London section of the Metropolitan line, bot the NUR has said this cannot go ahead until a new deal is signed over rest periods and the nnmbre of honrs worked. The union wants a 45-minute break after each two-hour stretch, while LRT is insisting on 3¼ hours before a break.

● British Rail engineering workers at Swindon voted yesterday for an immediate overtime ban and a ooe-day strike on May 29 in protest against the planned closure of the Swindon works next March, with the loss of 2,300 jobs.

# Christian Salvesen to go public

BY STEFAN WAGSTYL

THE SHAREHOLDERS of Christian Salvesen, one of the UK's largest private companies, yesterday voted to bring the group tot he stock market with a minimum valne of £247m.

An extraordinary meeting of about 200 oft he company's 900 members, many descendants of tha 19th century founder, Christian Salevesen, agreed to float the company next month.

Mr Gerald Elliot, the chairman, asked the shareholders to contribute equity from their holdings to the offer for sale, so that as many shares as possible would be availabla to new shareholders.

The Edinburgh-based group, which has interests in food processing and distribution, housebuilding and marina and oil services, bas yet to fix a definite price for its shares. But shareholders agreed to a minimum figure of 90p, valuing the existing group at £227m. In addition, the company is raising £20m in new equity, making the total £247m.

The meeting was told that in this week's stock market conditions, the offer could have been priced at 100p, giving a capitalisation of £272m. City analysts estimated that the eveotual price could be higher still, giving a market value of about £300m.

The group also disclosed that pre-tax profits for the year to the end of March were £33m, up 36 per cent on the previous year, and the fifth annual profits increase in succession.

The biggest contribution came from the food services division—the company is the largest cold-store operator in tha UK—with customers which include Marks and Spencer aod J. Sainsbury.

The company's shareholders must now decide how much of their holdings to sell. Since the equity is already widely held, the Stock Exchange has dispensed with its rula that at least 25 per cent of the company must be floated.

Nevertheless, Kleinwort Benson, the company's financial adviser, believes it might get close to this figure with the help of the new equity and shares held by the Church of Scotland, wich is selling the whole of its 6 per cent stake receivced in a Salvesen beqoest.

Christian Salvesen, which originally made its fortune in whaling in the Arctic and Antarctic, will be the largest new issue from the private sector since the flotation of the Reuters electronic information group last year.

# UK and France compromise on European fighter

BY JAMES BUXTON IN ROME

BRITAIN and France reached a loose compromise on the basic characteristics of a European fighter aircraft for the late 1990s at a meeting of defence ministers in Rome which ended early yesterday.

The project is for a fighter aircraft to meet the air defence needs of Britain, France, West Germany, Italy and Spain and to be built in collaboration between their aerospace industries.

By the end of a nine-hour meeting, chaired by Sig minister, Britain and France had come to an interim agreement on the engine thrust limit for the projected aircraft, code-named EFA. At an earlier stage of the talks they reached interim agreement oo the intended weight limit of the aircraft.

They did not, as had been hoped, day the basis for work to go ahead on project definition, which would have permitted detailed studies to begin. Instead, major decisions were left to a meeting of defence ministers in London next month.

The proffiect is clouded by a deep divergence of opinion between Britain and France over how heavy and powerful an aircraft to build. Britain, backed by West Germany, Italy and Spain, wants a powerful aircraft capable of carrying a substantial amouot of armament.

France wants a less high-powered aircraft which it believes would be cheaper to design and produce, and would have greater export possibilities.

Sig Spadolini said yesterday that be had managed to bring the two sides together on what be called the key points. The areo-engine and aircraft mannfacturers of each of the five countries would now be asked to produce a joint study of a possible aircraft based on the weight and thrust limits decided in Rome.

The national armament directors of the five countries are to produce a single feasibility study to be ready by June 17 when the defence ministers meet in London.

But it appears that no precise figures were agreed for either the weight or the thrust of the aircraft.

General Giuseppe Piovano, the Italian director of armaments, said yesterday that the engine thrust figure would be provided by the feaibility study. "There could be two figures, but thety will be close," he said.

West Germany, which strongly backed the British view in Rome, is anxious for a decision on the project. Britain also wants a decision soon. If the EFA project does not go ahead, other possibilities will have to be considered.

Sig Spadolini said be was convincad that the Rome meeting had produced "the necessary momentum to completa tha task in Lonoon next month."

British Aerospace had hoped that the five nations would sign a memorandum of understanding agreeing to move the project to definition stage. This could have led to the full development of the aircraft. No memorandum was signed.

BAe said it was disappointed, but not surprised that the meeting io Rome had not resolved all the differences. We would not give a standing ovation to what was agreed.

"We would doubt that project definition is possible at this stage. There is still an element of disagreement between the French and the rest but we have to press on and try to resolve the outstanding differeoces by the middle of June."

Rolls-Royce, the state-owned aero-engine manufacturer, had not heard from the Defeoce Ministry about the outcome of the meeting late yesterday but it is likely to welcome the agreemeot that the five nations are prepared to select an interim eogioe for the EFA. Rolls-Royce's strategy is to offer the XG-20 derivative of the RB199 engine used oo thte Tornado as the interim engine.

The five nations are to consider this engine in competitioo with the Snecma M-88 and the U.S. General Electric 404 engine. The French Snecma engine has been built, but Rolls-Royce is to test the XG-40 engine centre core at the end of this year as the basis for its proposed all-new eogioe for the EFA.

## Workload survey for GPs

FINANCIAL TIMES REPORTER

A SURVEY of bow much work family doctors do will be carried out in July in the hope that its results will be considered when GP's pay is assessed.

The survey, covering 1,000 GPs, supported by the British Medical Association and the Department of Health and Social Security, will provide up-to-data information to the Independent Doctors Pay Review body.

WEEKEND FT

FAMILY SPIRIT

*Three of France's richest families are fighting over who controls the Remy Martin empire*
Page I

FT REPORT

*The second part of our look at personal financial planning plus 4 pages*
FINANCE AND THE FAMILY
Pages IV-XI

DIVERSIONS

*The genteel art of croquet and why this is one of Britain's fastest growing sports*
Pages XV

CRICKET

*England captain David Gower's nightmare . . . nine kinds of cricket*
Page XVIII

## MARKETS

**DOLLAR**

New York lunchtime:
DM 3.0725
FFr 9.37
SwFr 2.58225
Y250.6
Loodon:
DM 3.0685 (3.091)
FFr 9.37 (9.42)
SwFr 2.5825 (2.59)
Y250.65 (251.45)
Dollar Index 145.6 (146.3)
Tokyo close Y251.9

**U.S. LUNCHTIME RATES**

Fed Funds 8%
3-mooth Treasury Bills: 7.37%
Long Bond: 101$\frac{15}{32}$
yield: 11.05

**GOLD**

New York: Comex June latest $323.3
London: $322.5 ($320.5)

**STERLING**

New York luocbtime $1.2685
Loodon: $1.265 (1.2585)
DM 3.8625 (3.9)
FFr 11.8675 (11.895)
SwFr 3.27 (3.3)
Y317 (316.5)
Sterling Index 79 (78.9)

**LONDON MONEY**

3-month interbank:
Closiog rate 12$\frac{11}{16}$% (same)
3-month eligible bills:
buying rate 12$\frac{1}{32}$% (12 3-64ths)

**STOCK INDICES**

FT Ord 1,008.3 (−4.2)
FT-All Share 637.91 (−0.5%)
FT-SE 100 1,327.4 (−8.7)
FT-A long gilt yield index:
High roupoo 10.82 (same)
New York lunchtime:
DJ Ind Av 1,282.35 (+4.3)
Tokyo:
Nikkei Dow 12,419.99 (+50.69)

*Chief price changes yesterday, Back Page*

CONTINENTAL SELLING PRICES: Austria Sch 18; Belgium Fr 38; Denmark Kr 7.25; France Fr 6.00; W. Germany DM 2.20; Italy L1,300; Netherlands Fl 2.50; Norway Kr 8.00; Portugal Esc 80; Spain Pta 110; Sweden Kr 6.50; Switzerland Fr 2.20; Ireland 55p; Malta 30c.

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*For London market and latest share index, 01-246 8026; overseas markets, 01-246 8086.*

# Congress clash on budget looms

BY STEWART FLEMING IN WASHINGTON

THE BUDGET Committee of tha House of Representatives has approved the Democratic Party's proposals for cutting some $56bn (£45bn) off the U.S. budget deficit. The move paves the way for a confrontation between the Seoate and the House on the final shape of the deficit rednction package.

In the wake of the committee vote late on Tbursday, President Ronald Reagan promptly attacked the budget proposal whicb would cut mora deeply into defence spending than the Senate budget resolution passed a week ago whicb the President supported.

The President warned he would abandon support for the Senate-approved compromise if the House persisted in its efforts to balt growth in defence spending authorisations. The Senate budget plan would allow the defence budget to expand nt the same rate as inflation.

The President and the Republican Party's atance on defence spending bas been weakened, however, by the revelation this week by the Pentagon that the Defence Department has n $4bn contingency fund wbich Mr Caspar Weinberger, the Defence Secretary, plans to use to avoid budget cuts leading to the elimination of weapons programmes.

The disclosure has infuriated even defence spending supporters like Senator Barry Goldwater, wbo argue that it makes a mockery of the efforts they have been making to come up with detalled budget savings and casts doubt on the credibility of the armed services committees in Congress as effective monitors of defence spending.

The next stage in the budget process is expected next week when tha Democrat-controlled House will debate the budget plan. The plan aplit the Budget Committee aloog party lines, with the Republicans voting to oppose it after attempts to draw up a bipartisan compromise failed.

The major differences between the Senate and House versions of the budget resolution are that the House would cut more deeply into defence while sparing old-age pensions from a one-year freeze on cost of living allowances to offset inflation.

The House would also spare, or cut less deeply into, several other federal programmee.

Senator Robert Dole, underlining the sharp conflict between the different versions ot the budget, has attacked the House plan ss "smoke and mirrors." He says it would not reduce budget deficits by the $300bn over three years which he maintains the Senate version would achieve.

It is widely expected that when the House begins to debate the budget next week some members will offer amendments including a proposal for a minimum corporate tax to raise revenues for the Government.

President Ronald Reagan has said he will veto any revenue increases. So far the Administration has successfully fought proposals in both the House and the Senate to raise taxes.

But the President's determination to resist tax increases is creating difficulties for the Administration's ambitious tax reform proposal whose publication bas been postponed by the President tentatively until May 28. Administration officials are now conceding thet that delay reflects both political and technical problems in finalising the details of the package.

# Protesters jam streets of Tehran with cars

By Kathleen Evans in Dubai

THOUSANDS of middle-class Iranians jammed the streets of Tehran on Friday in response to a call from Sbapour Bakhtiar, the last prime minister under the Shah, to demonstrate against the Islamic Government and the war with Iraq.

Demonstrators in cars caused traffic jams from the centre of the city to the prosperous northern suburbs. Eye witness reports from Tehran said most of the participants appeared to be from the "Targhuti" (satanically oppressed) class, as the mlddle class are known.

It was the first large-scale response inside Iran to rsdio broadcasta coming from opposition parties outslde the country. The main opposition group, tha Mujabeddin, were said to bsve telexed all major Iranlan companies and foreign compenies and embassies to alert them to the call by Mr Bakhtiar, made from Paris, to go into the streets.

More significantly, a Reutera jonrnalist reported that the *Revolutionary* Guards who patrolled the streets during the demonstration appeared to be nervous and dld nothing to prevent the display of oppoeition to the regime.

However, none of the demonstrators carried placards or any overt sign to indicate the motive for the demonstration. The traffic jam was sald to have stretched for miles throughout the city, with each car driver honking his horn. Part of lt took place near Tehran University, wbere the weekly Friday prayers are held to provide a regular demonstration of support for the regime. In his speech yesterday, the Iranian President, Mr Ali Khameni, chose not to mention anything of the demonstrations which were taking place nearby.

# Paris encouraged as unemployment continues to decline

BY DAVID HOUSEGO

FRENCH unemployment declined for the third consective month in April, providing encouragement for the Socialist Government on an issue wbere it has been politically vulnerable.

The number of unemployed fell by 15,800 to 2.39m on seasonally adjusted figures. The 0.6 per cent decline for the month followed a 0.2 per cent drop in March and a 0.5 per cent fall in February. On adjusted figuree the decline was even greater with the number of jobless falling by 81,500 to 2.33m or hy 3 per cent over the month.

The unemployment figures have none the less, become a subject of increasing political controversy in France because the number of net jobs being shed by the economy is still on the increase. According to recent figures published by the official statistics institute INSEE, the number of net jobs likely to be lost this year is about 170,000. This reflects both the low level of activity in the economy as well as industrial restructuring.

The disparity between the unemployment figures and the number of jobs being lost in the economy is accounted for by the spread of retraining and part-time working schemes.

The Government's community work programme which is largely being run by the local anthorities is providing fnr more temporary jobs than had been envisaged.

At the end of last month 205,000 people bad been inscribed in community projects as against an initial target of 100,000 by the end of this year. President Francois Mitterrand recently raised the target to 300,000 by the end of 1985.

● French industrial production rose a provisional eeasonally adjusted 0.8 per cent in March over February after a downward-revised increase of 3.9 per cent in February, according to INSEE. The February rise was originally announced as 4.7 per cent. Reuters reports from Paris.

# U.S.-Soviet summit date 'still to be fixed'

NO agreement has been reached on a summit meeting between Mr Mikhail Gorbachev, the Soviet leader, and President Ronald Reagan of the U.S., a Soviet spokesman said yesterday, Patrick Cockburn writes from Moscow.

Both the Soviet Union and the U.S. had "a positive attitude" to a summit but a time and place had yet to be fixed.

The Soviet attitude to a summit seems to bave become frostier as a result of President Reagan's tour of Western Europe earlier this month during which he denounced the Soviet Union.

Moscow also says that the U.S. has failed to abide by the terms of the agreement to restart disarmament talks in Geneva because it has not negotiated seriously on the Strategie Defence Initiative.

## Egypt-Israel deal

Egypt and Israel agreed yesterday on a timetable to repatriate 5,000 Palestinian refugees from Rafah on the international border to reunite them with their familles in the Israeli-occupied Gaza strip, a senior Israeli official said, Reuter reports from Cairo.

But n senior Egyptian official, speaking after three days of Egyptian-Israeli talks ended here, said efforts to settle n dispute over the Sinai enclave of Taba were deadlocked and that Egypt wanted arbitration to solve the problem.

## Two Koreas differ

North and South Korea failed to narrow their differences when they resumed trade talks at the border village of Panmunjom yesterday after after a six-month hreak, Reuter reports from Panmunjom.

No substantial progress was made in two hours of discussions by seven-member teams from the two sides, dimming prospects that the old enemies could begin economic co-operation. They agreed only to meet again on June 20.

## SAAN board change

The Anglo-American Corporation, major indirect shareholders in the South African Associated Newspaper (SAAN) group yesterday took a more active role in the loss-making newspaper and magazine publishing group with the appointment of Mr Gordon Waddell, chairman of Anglo's subsidiary, Johannesburg Consolidated Investments, (JCI) and JCI executive Mr Pat Retief to the board, Anthony Robinson reports from Johannesburg.

## Japan miners killed

At least 10 Japanese coal miners were killed and 55 trapped yesterday after cave-ins at a pit in north of the country, Reuter reports from Yubari.

Police issued the figures as rescuers attempted to drill air holes to men trapped about 4 km from the mine opening.

## NZ deficit blow

New Zealand's current account deficit widened to $2.7bn (£980m) in the year ended March 31, from $992m in 1983-84, the Reserve Bank said, Reuter reports from Wellington.

In March, the current account deficit rose to $293m from $269m in February and compared with n surplus of $2m in March, 1984.

FINANCIAL TIMES, USPS No 190640, published daily except Sundays and holidays. U.S. subscription rates $420.00 per annum. Second class postage paid at New York NY and at additional mailing offices. POSTMASTER: send address changes to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

# Troubled Canadian banks borrow $1bn

By Bernard Simon in Toronto

THE BANK of Canade has lent almost S$1bn (£585m) to help at least tbree Canadian banks overcome by liquidity prohlems.

The central bank disclosed yesterday tbat its assistance, in the form of renewable short term loans, has grown from zero in mid March to C$989m on May 15. The advances have risen hy 22 per cent in the past week.

Most of the assistance bas heen given to Canadlan Commercial Bank of Edmonton, which bas lost about a tbird of its deposits since being rescued from collapse two months ago by tbe Canadian Government and the country's six largest hanks. CCB is the 10th largest of Canada's 14 domestic banks.

Althongb some bankers have criticised the hall-ont, the anthorities are concerned that a hank fallnre would threaten the stability and reputation of Canada's hanking system. Mr Gerald Boney, Governor of the Bank of Canada, said last week tbat support for CCB will continue "as long as the hank is solvent and viable." The last hank failnre in Canada was in 1923.

The anthorities have refused to disclose the identity of other hanks receiving official assistance. Mr Boney said that these Institutions are not in financial difficulty and described the loans to them as "extraordinary advances."

It is presumed in financial circles that tbe other beneficiaries are western Canadian institutions which, like CCB, have suffered from the *long slump in the real estate* and energy sectors, and some depositors' preference for keeping their funds with larger institutions.

The Bank of Canada loans are made at the bank's discount rate, currently 9 per cent. Recipients' assets are used as collateral for the advances.

## Spanish strike halted

Strike action nt General Motors' Spanish car plant was called offyesterday, after a majority voted against n prolonged stoppage, a company spokesman sald, David White reports from Madrid.

The works committee at tbe factnry near Saragosa, whieb producee the Opel Corsa-Vnuxhall Nova small saloon, is expected to renew talks with management on Tuesday, on tbe company's offer for a two-year pay deal.

# Striking UAL pilots sue airline

BY TERRY DODSWORTH IN NEW YORK

OPERATIONS of United Airlines (UAL), one of tbe world's largast carriers, were partially paralysed yesterday as almost all 5,200 pilots walked out in a bitter dispute over a new pay structure that would reduce wages for those joining the company a few hours before UAL's deadline for imposing its own rates of pay and work rules on the pilots.

The strike is seen as a test case in tbe relentless effort of U.S. airline companies to push down wages in the industry.

Some other carriers, including American Airlines, have already won two-tier wage scalee, in which new employees are paid much less than existing workers. But UAL pilots have decided to dig in their heels because of the airline's leadiog role in the industry and bealthy profits record.

The Air Line Pilots' Association (ALPA) filed suit against UAL, claiming the company has violated U.S. labour law in lts contract dispute with pilots. The suit was filed when United's pilots struck the airline earller today over a pay dispute.

reduced flights from the company's Chicago headquarters to minimal levels. UAL said it was cutting the number of destinations served from 139 to 89, but would not indicate bow many of its normal 1,577 daily flights would be cancelled.

The crunch between the pilots and UAL comes nfter several mooths of negotiations in which the airline has prepared the ground for an all-out strike-breakiog effort, training 500 pilots to take over from the sbtrikers and hiring eeveral hundred unemployed pilots with considerable flying experieoce.

The company ssid yesterday: "United has a group of fully trained, qualified pilots ready for immediate assignment. There are 1,000 experienced pilots in the pre-hiring selection process, including highly experienced captains and first officers who have flown with, among othere, Continental Braniff, Frontier and People Express."

Mr Jim Good, an ALPA official, said that most of the pilots still flying were either management personnel or the experlenced group of personnel who had been thrown out of work in airlines that had failed or, like Braniff, slimmed down. Only a 100 Alpa members had crossed the picket lines.

UAL's two other unions were supporting the dispute. The main issue is a complex new pay ecale that would reduce entry wages for most pilots by about 50 per cent, according to Alpa. Pay scales range from between $21,600 (£17,000) a year for a second officer to $151,900 for a captain on a Boeing 747 for an 80-hour month of flyine time.

Mr Good said the pilots considered that UAL, which employs 48,000 in total, is profitable and competitlve enough to contiuue to pay uniform wages. Last year UAL had net profits of $282m on revenues of $6.97bn.

# Nicaragua wins aid from Nordic nations

By Our Foreign Staff

NORWAY, SWEDEN and Finland have all announced they are to increase their aid to Nicaragua to counter the effects of the U.S. embargo on trade with the Central American Republic, imposed last week. The news came as President Daniel Ortega arrived in Stockholm at the end of a lengthy tour of Europe aimed at increasing international assistance.

Mr Reidun Brusletten, Norway's Air Minister, said that a government aid mission would go to Nicaragua in the next month to study new aid projects. The Finnish Foreign Minister, Mr Paavo Vaeyrynen, announced that Finland would be increasing food aid to Nicaragua.

Tim Coone writes from Managua: The meeting in Panama of the Contadora group seeking a regional peace initiative broke up without agreement on Thursday. The Nicaraguan delegation said that Honduras had rejected a move to dispatch a commission of investigation to examine hostilities on the countries' common border.

● The World Bank has called on Paraguay to adjust exchange rates for its currenty, the guarani, to counter a sharp fall in export earnings, Agencies report from Asuncion. The proposal was made by Mr David Knox, a World Bank vice-president, who met with President Alfredo Stroessner yesterday.

# Moscow introduces limited laws to fight drunkenness

BY PATRICK COCKBURN IN MOSCOW

THE Soviet Union is attempting to reduce drunkeness by making heavy drinking less socially acceptable under a batcb of measures beavily publicised yesterday.

The administrative measures taken by the Government, such as harsher laws on drunken drivers, no alcohol for people under 21 and more soft drinks, are limited because of a recognition that temperance by government fiet is unlikely to be effective.

Measures are also likely to be taken against factory supervisers who allow drunken workers in the plant. Soviet commentators point to the drop in productivity which follows the twice-monthly pay packet and the increased vodka consumption which ensues.

The Government also says that it will increase sports and other facilities as an alternative to heavy driokiog.

ANNUAL PER CAPITA CONSUMPTION OF ALCOHOLIC DRINK

| | Spirits | Wine | Beer |
|---|---|---|---|
| France | 2.7 | 102 | 40.3 |
| Czechoslovakia | 2.6 | 14 | 140 |
| USSR | 4.2 | 25.9 | 22.9 |
| U.S. | 3.2 | 12.1 | 86.3 |
| Finland | 3.4 | 4.5 | 52.8 |

Figures:—litres.

Some port wines, often used by alcoholics as n cheap way of *getting drunk, are to be taken* off the shelves of alcohol in stores.

Wider measures of prohibition, predicted by some in Moscow, would probably be ineffective because of the large amount of moonshine brewed in the country. Tougher rules against home brewing introduced this week will be difficult to enforce.

## Israel to return nuclear devices

ISRAEL HAS bowed to a U.S. request to hand back American-made electronic timing devices used to detonate nuclear weapons, according to Western diplomats, our Tel Aviv correspondent writes.

Known as krytrons, some 800 of the small devices are believed to have been brought to Israel in spite of the U.S. ban on their export. Israel denies it haa used them in nuclear weapons but has clearly been embarrassed by the affair.

The diplomats said Israel was helping the American investigations into how it obtained the krytrons. It was not clear whether it would return nli tbe devices or only the unused ones.

# Sweden stems currency outflow at SKr 1.66bn

BY DAVID BROWN IN STOCKHOLM

SWEDEN has succeeded in stemming, at least temporarily, the outflow of currency which forced the Riksbanken (central bank) to announce n dramatic increase in interest rates earller this week. There were also signs of a possible breakthrough in the two-week-long civil servants' strike.

The currency outflow for the week ending Wednesday stood at SKr 1.6bn (£179.9m), down from SKr 2.5bn the previous Friday, acording to preliminary figures released by the *Riksbanken* yesterday. Traders said the central bank move appears to have stabilised the market.

The currency outflow for the full year has now reacbed SKr 9bn, compared with a net inflow for the same *period last* year of SKr 1.2bn. Tbe Riksbanken raised the discount rate on Monday by 2 percentage points to 11.5 per cent and the penalty rate by 2½ points to 16 per cent. Average bank lending rates *now* stand at 16.5 per cent.

Mr Stig Malm, leader of the LO trades union confederation, yesterday called on the Government to launch an investigation into the "theoretical and institutional causes" of the massive currency outflow.

The LO leadership supported the Government's mov, but it has come under heavy pressure from the membership, who now see the chances of any real wage rise this year rapidly evaporating.

Both sides predicted a breakthrough during the weekend in the civil servants' strike, as they appeared ready to consider "new solutions." Pressure for a settlement has built as the strike takes a more seriousotoll on *the* economy, as public opinion appears to be swinging against the white-collar workers, and as the unions strike coffers are depleted by the Government's retaliatory lockout.

*The TCO-S union* has demanded an imediate 3.1 per cent retroactive pay increase designed to catch up with wage rises received by industrial workers in 1984.

The Government as refused so far — fearing the impact on its already tottering anti-inflation policy and concerned about its credibility among blue-collar unions which were only recently persuaded to keep their own demands low.

# Three-year plan limits Polish consumption

By Christopher Bobinski in Warsaw

THE POLISH Government's plans to limit consumption could pose a real threat of renewed working class unrest by the end of tbe *decade. Three* variants of the 1986-90 plan were published yesterday for public debate by the Government's planning commission.

The plan will be approved by a Communist Party Congress early next year and already the variants have been criticised for sticking to traditional economic methods which give little hope of real recovery and no choice between alternative development strategies.

With Poland's debt to the West expected to rise to $30bn by the end of this year, the document admits that even small changee in interest rates and policy by Western banks and Governments will "perceptibly disturb the functioning of the *economy*."

The figures assume that the increase in industrial inputs over tbe next five years will emount to no more than 9 per cent leaving planned expansion to come almost entirely from a rise in productive efficiency on an unprecedented scale. Annual growth of the national income is put at 3 per cent at its most modest, rising to 4 per cent. This leaves per capita consumption to grow by between 1.5 to 2 per cent annually nt best.

These growth rates, economists have already warned, remain within tbe limita of statistical error and represent n lack of real improvement in living standards which could lead to unrest.

# Manila in deadlock with banks over failed company

BY SAMUEL SENOREN IN MANILA

SENIOR government officials and foreign banks were in deadlock yesterday over the extent of Government participation in the rehabilitation of the failed Planters Products Company (PPI) which bas debts of about $84m (£67.2m).

Planters and foreign banks yesterday decided to postpone a echeduled creditors' meeting, to have been held yesterday, until May 24.

It was not immediately clear if the ontcome of the negotiations would affect the scheduled signing of the Philippine debt restructuring package in New York on Monday, bnt it was obvious that the Government bnd wanted to forge an agreement by today or tomorrow.

Several of the foreign creditor banks bave indicated they want a satisfactory settlement of PPI's debts before they ngree to sign n $925m new money facility for the Government.

Foreign banks involved in the discussions refused to comment on whether the scheduled Monday signing would be affected.

But a spokesman for the Prime Minister, Mr Cesar Virata, said yesterday that the Premier had been advised by the central bank Governor, Mr Jose Fernandez, to proceed to New York tomorrow to sign the debt package.

In addition to details of the agreements, covering $925m in new money, $3bn in trade credits and the rescheduling of about $6bn in short- and medium-term debts are to be negotiated.

Tbe foreign banks want the Government to assume PPI's obligations and treat them as public sector loans under the terms of the Philippines debt restructuring programme.

The government, so far, has refused to do so

Delays in resolving Planters Products' problems should not affect Monday's planned signing of a $10bn debt rescue package for the Philippines, bankers in New York said last night. The signing process, which is a lengthy administrative one involving several hundred banks, would begin on echedule despite objections from some creditors who nre owed back interest on Planters' $83m foreign debt.

**K. K. Sharma** in Amritsar meets the 83-year-old father of Bhindranwale, the dead extremist leader

# A Sikh messiah rises from Golden Temple ashes

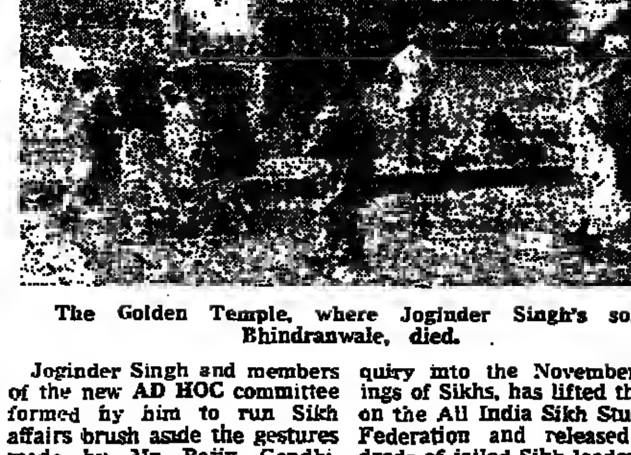
JOGINDER SINGH, 83, walked briskly into the small office of the radical All India Sikh Students' Federation in the Golden Temple complex in the Holy City of Amritsar. His wrinkled face grimaced under a blua turban as he clssped a long curved abenthed "kirpan."

More than 400 young and old Sikhs, about balf wearing the saffron turbans prescribed for the defiant militants, chanted slogana like "Long live Bhindranwale" (the alnin extremist leader who built up an arsenal in the Golden Templa just before the nrmy action last June). Joginder Singh stood io ailence as be heard his late son'a name, theo raised his hand and a busb descended on the overcrowded suffocating room.

In a weak voice, he apoke for less than 10 minutes as his extremist followers watched, carefully awaiting the crowd'a response to his statements. "You must all unite, we are in a very dellcate situation and have suffered only because we are disunited," he said. "You must follow the sayings of the Sikb gurus and scriptures."

The rapturous audience cheered loudly as Joginder Singb lifted his aword high above his head. What they were witnessing was tbe birtb of a new Sikh leader and it was an historic moment. Joginder Singh, father of the Khomeini-like Bbindranwale, bas emerged from obscurity and is a kind of messiah for the embittered Sikh community that is still licking tbe wounds of the army action on the Golden Temple last June and tbe killings after the assassination of the Prime Minlster, Mrs Indira Gaodhi laat November.

Joginder Singh preaches the fundameotalism of his son who has *now* been accepted *as* a martyr. He plans a campaign to baptise Sikhs afresh so that they follow the teachiogs of guru Gobind Singh, the 10th and last Sikh guru. But it is really on political issues that his views count, and it is clear that the Governmeot will find him and his followers as uncompromising as the militants wbo have made Punjab a violence-wracked state.



The Golden Temple, where Joginder Singh's son, Bhindranwale, died.

Joginder Singh and members of the new AD HOC committee formed by him to run Sikh affairs brush aside the gestures made by Mr Rajiv Gandhi, Prime Minister, recently. Mr Gandhi has ordered an inquiry into the November killings of Sikhs, has lifted the ban on the All India Sikh Students' Federation and released hundreds of jailed Sikh leaders and militants.

"We know nothing that the Government has done. Let them write to us stating what their position is and we will respond," said Joginder Singh, taking his cue from a fierce-looking Inderjlt Singh Sekhon, the militaant general-secretary of the committee. The implication was that the leadreship feels the Government has made no real concessions. Also implicit in the statement le n demand fro recognition as the new Sikh leader.

*This is difficult for* the Government to concede as factioual fights among the Sikh leaders continue.

Joginder Singh bas nominated three so-called moderates to the committee, including Sant Harchand Singh Longowal, who was *widely* thought to be the leader of the majority in the Akall Dal, the Sikh's political party. However, they have indicated they will not accept his nomination after secret meetings with the militants. They were strengthened in their resolve after the spate of bomb explosions in Delhl and three north Indian states last week.

In doing this, they bave virtually handed over the Sikh leadership to Joginder Singh, who, as the father of the martyred Bhindranwale now bas a virtual halo.

This is being exploited by the extremeists who are thought to have master-minded the move to install Joginder Singh as the leader, n move that the moderates cannot openly defy because of the popular veneration for Bhindranwale.

The moderates have thus been edged out of the *picture and, at* best, they can be of nuisance value to the militants who are fast being accepted as the spokesmen for the Sikh cause.

They are unrelenting in their stand for revenge for "humiliation of the Sikhs," and they refuse to withdraw the demand for 'Khalistan," the independent Sikh state sought by Bhindranwale.

In the face of such intransigence, Mr Gandhl must prepare himself fro difficult days. The extremeists next assault could come early in June when the first anniversary of the army action on the Golden Temple is observed in the still tense city of Amritsar.



هكذا من الأصل

# W. German minister becomes a local hero

BY PETER BRUCE IN BONN

A YEAR ago, Herr Ignaz Kiechle, the West German Agriculture Minister, was doing his best to avoid the nation's farmers. Along with his EEC colleagues, Herr Kiechle had, in March 1984, agreed to dramatic cuts in Community milk quotas and the German farmers quickly formed themselves into a near-lynch-mob, with their minister as the target.

He was new to the job, won little comfort from Chancellor Helmut Kohl and was dragged over the coals by his ultimate boss, the Bavarian leader, Herr Franz Josef Strauss, who had to remind him that not only did their party, the Bavarian-based Christian Social Union (CSU), depend on Bavaria's farmers for 80 per cent of their vote but that most of those farmers are in the dairy business.

A farmer from southern Bavaria, Herr Kiechle took criticism from his fellow farmers personally and he has been waiting ever since to redeem himself. He did that on Thursday in Brussels and has come back to Bonn a minor hero.

"Victory for Kiechle" announced the German news agencies and early radio bulletins when news came through that the ministers had agreed to defer any decision on cereals prices but had pushed through a package which included milk price rises.

Theories abound about why the normally placid Germans dug their heels in and many observers point to the fact that the Bonn coalition leaders, the Christian Democrats (CDU), were deserted by anxious farmers in the recent state poll in North Rhine Westphalia.

That event, it seems, was too recent to have played a decisive role. Herr Kiechle was always going to behave the way he did. Chancellor Kohl supported him but there seems little doubt that the most vigorous back-stiffening came from Herr Strauss.

## Ivo Dawnay examines the outcome of EEC agriculture policy talks

# Farmers paralyse reform process

THE FAILURE of EEC agriculture ministers to agree a coherent farm price package this week has put last year's tenuous reforms on permanent hold. Some would argue, the process is now in reverse.

Not only have a welter of concessions been made to all member states, but the quid pro quo—a cut in the cereals prices that formed the centre of the negotiation — has yet to be agreed.

Sig Filippo Pandolfi, the Italian President of the EEC's Council of Ministers, had sought to isolate the Germans by creating a nine-to-one majority against them. But when the chips were down, Herr Ignaz Kiechle, the West German minister, referred to threaten a veto than concede.

As a consequence, everyone—with the important exception of the European taxpayer who must finance the debacle—got something for nothing.

What is more, the two main planks of reform agreed last year—the punitive "superlevy" on milk output and the guarantee thresholds or ceilings taxing excess grains production—have ben heavily undermined.

The outcome will be greeted by the U.S.—the Community's main rival in the world market —with a cynical shrug. It will also be used as justification for a \$2bn (£1.6bn) programme of U.S. farm export aids announced in Washington this week in a marked worsening of hostilities in the farm trade war.

Serious reform of the Common Agricultural Policy (CAP) must once again wait, and all the signs are that time is running out.

EEC finance ministers are growing increasingly impatient with the renewed growth in the farm budget as a proportion of total Community spending. Now up once again to over 70 per cent of total expenditure, the farmers are starving vital industrial, regional and social initiatives of funds.

Yet at the same time demands on the farm budget are set to accelerate. Poorly policed payments for Mediterranean products, for years the Cinderellas of the greedy temperate north, are grabbing close to 40 per cent of the farm budget. And the Spanish and Portuguese with their ominous but unquantified productive capacities are soon to get their hands in the till.

Meanwhile, outside the Community, the clamour for action against EEC export subsidies—now accounting for 37.5 per cent of the total Ecu 20bn (£12bn) budget—is growing daily.

Taken in this context, the fine print of Thursday's agreement looks sorely inadequate to tackle the problems of cost and over production.

The final cereals deal, whenever it is struck, will certainly fall far below either what is necessary or what is required under last year's reform agreement. This demanded, in spirit at least, a minimum 8 per cent prices cut (reduced by a legal ceiling to 5 per cent) to account for last year's record 150m tonne harvest.

This cut has now been reduced to 1.8 per cent.

On dairy products, still the most spendthrift sector, this week's deal substantially undermines the cutting edge of one 1984 "superlevy" reform that sought to put a cap on the Community's 14 per cent surplus.

Yet dilutions of the punitive programme agreed by Mr Frans Andriessen, the reputedly-tough Farm Commissioner, in January as a temporary compromise to resolve transitional difficulties have now become the base for revised rules.

These not only breach Mr Andriessen's solemn assurances that no increases in the overall EEC quota will be allowed—witness an extra 58,000 tonnes for Ireland and more milk for Italy—but perhaps more crucially create what in effect will be national quotas.

This latter move, ostensibly anodyne, will remove from the individual farmer the knowledge that his own overproduction will necessarily be reflected in a cut in his monthly

In other sectors, particularly for Mediterranean produce such as olive oil and, crucially, fruit and vegetables, the lengthy negotiations allowed the Italian and Greek axis to win at least 12 major concessions.

That is the short brutal essence of the effects of the deal.

But there are some, very faint, glimmers of hope for the reform lobby.

First, and not insignificantly, the cereals price cut was opposed only by the Germans.

More, the finance ministers have used the past 12 months to consolidated their hold over the budget. The last period of negotiations was heavily overshadowed by the finance ministers' insistence — even from the renegade Germans — that any breach of the Ecu 20bn limit (£12bn) on CAP spending can only be agreed by them.

The second important point is the chastening effect of trade pressures. Though U.S. Congressmen would claim to have seen no evidence of thier influence, thet Commission and several member-states are increasingly worried by retaliatory action from abroad.

The final positive sign for the CAP is the modest point that the milk superlevy has, so far, succeeded in reducing Community output by 4 per cent.

But this is a modest victory. No-one, not even the most optimistic ministers, can honestly deny that once again the disproportionate political power of Europe's 8m farmers has paralysed the reform process, and possibly indefinitely.

EEC FARM PRICES FOR 1985-6

(% change)

| | | | |
|---|---|---|---|
| SUGAR | | TABLE WINE | 0.0 |
| basic, beet | 0.0 | RAW TOBACCO | |
| intervention, white | 1.3 | (1985 harvest) guide | 0 to −2.5 |
| OLIVE OIL | | FRUIT AND VEGETABLES | |
| production target | 2.0 | (1985-86 production) | 0 to −3.0 |
| PEAS AND BEANS | | MILK | |
| starting price | −1.2 | milk target | 1.5 |
| guide | −0.8 | butter intervention | −2.0 |
| LUPINS | | smp† intervention | 4.9 |
| activating price | 0.9 | BEEF, VEAL, SHEEPMEAT AND PIGMEAT | |
| COTTON MINIMUM | 2.0 | (deadweight) | 0.0 |

* +1.0 from January 1 1986. † Skimmed milk production.





# Consultancy to order £50m heavy crane ship

By Andrew Fisher, Shipping Correspondent

SEAPLACE International, as offshore engineering consultancy, said it is to order a heavy crane ship at a likely cost of about £50m from a British or foreign yard.

The privately owned London-based company said it would send details to potential builders in Europe and the Far East. Delivery would be for late 1986 or early 1987.

Mr Christopher Strickland, chairman of Seaplace and owner of half its shares, said the intention was to convert a VLCC (very large crude carrier) to carry a single crane with a lift capacity of 4,500 tonnes. "We have to look at it as a commercial venture, but we'd love to buy British."

The ship would be one of the costliest non-naval ships ever constructed for a UK company. ITM (Offshore), based in Middlesbrough, recently ordered a £45m crane ship from British Shipbuilders which would be able to lift 4,000 tonnes.

Mr Strickland said it would be several months before the order was placed. Seaplace, formed seven years ago, recently worked on the Sea Explorer rig which Scott Lithgow in Scotland built for British Petroleum. The company advised on the fitting of the deck and column sections, before welding.

Seaplace's ship, like ITM's would be mainly for the North Sea. "This is probably the most buoyant sector of the offshore market in the world," Mr Strickland said.

The cost of a large tanker for conversion — many are laid up around the world—would be mainly for the £5.6m).

Of the total cost of the crane ship, at least a third would be taken up by the crane itself, Mr Strickland said the advantages of using a VLCC were, speed of construction, lower cost compared to a wholly new ship and the strength and stability of the hull.

# Public spending rises in first four months of year

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

PRESSURES on public spending have increased sharply in the first four months of this year according to Government figures out yesterday.

They show that supply expenditure, a good guide to spending by the major departments, is 9 per cent up on 1984.

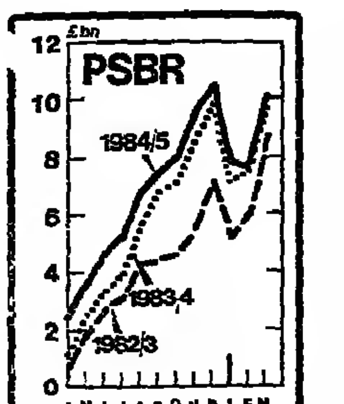
This compares with a planned rise for public spending of only 3.5 per cent this financial year. In its Budget statement, the Treasury projected a rise of only 2.3 per cent in supply expenditure.

These figures show that the pressure on public spending, which has been worrying the Treasury since the turn of the year, is continuing. Higher than expected unemployment and a higher take-up of social security benefits are to blame, as are some continuing effects of the miners' strike.

However, the most recent figure, for April, shows a rise of 10.6 per cent in supply spending against last April. This is 4½ times the rate of increase allowed for the whole year.

Even allowing for distortions and erratic influences on a month's figures the message seems to be that pressure for greater spending is high.

The public sector borrowing requirement in April, the first month of the financial year, was £1.8bn. This compares with £2.4bn last April and £1.2bn in April 1983.




There is little value in comparing individual months because the PSBR is subject to very large swings. However, Treasury analysis suggests there has been a surprisingly stable pattern over the past three years with about two-thirds of borrowing falling in the first half of the year.

The Treasury is expecting this to happen this year, even though the payment of the second instalment on purchases of British Telecom shares and the sale of British Aerospace shares will help reduce the PSBR in the first half of the year.

This year's PSBR is forecas[t] at £7bn, compared with las[t] year's £10bn, a figure inflate[d] by the effects of the miners['] strike. The Treasury seem[s] moderately confident that thi[s] year's target can be achieved.

Meanwhile figures for industrial production issued by the Central Statistical Office yesterday showed improvements in all sectors during the first three months of the year except in minerals and other product[ion] industries.

Industrial output rose 2.2 per cent in the first quarter compared with the final quarter of 1984, but it was still only 1.4 per cent up on a year earlier.

First quarter output was 1[…] per cent higher than at the trough of the recession four years ago, but still 3.4 per cent below its last peak in the second quarter of 1979.

Much of the improvement [is] accounted for by the rapid build up of oil and gas production. The first quarter output for the energy industries was boosted by the increased coal production after the ending of the miners' strike.

Manufacturing output has been growing more slowly, with the first quarter level 0.8 per cent higher than in the last three months of 1984 and 2.[…] per cent higher than a year earlier.

# BP Chemicals to raise polyethylene capacity

BY TONY JACKSON

BP CHEMICALS is to spend £12m to £15m on building a plant at Grangemouth to assist its production of linear low density polyethylene (LLDPE). Neste Oy, the Finnish chemicals company, will use part of the new plant for its own polyethylene production.

Building of the plant is to start later this year, and is due for completion in 1987. The decision is further evidence of BP's commitment to polyethyline. It has been one of Europe's largest producers since a deal with ICI three years ago.

Another BP plant producing 100,000 tonnes per year of linear low density and high density polyethylene is due to start up at Lavera in the south of France at the end of this year.

The Grangemouth plant will produce 25,000 tonnes per year of 4-methyl pentene-1 (4MP-1), a co-monomer used by BP in its LLDPE process. The chemical is derived from polypropyleoe, and BP claims it is cheap to produce, and that the final product is strong and transparent.

The European market for LLDPE is expected to come under pressure this year with the advent of low-cost polyethyleoe from Saudi Arabia. However, the market is currently in short supply, and BP is believed to be in contact with non-European suppliers with a view to securing extra polyethylene.

# Warranty company wound up

BLOOMSIDE, a Manchester based company whose extende[d] warranty scheme for househol[d] goods proved worthless, wa[s] compulsorily wound up in th[e] High Court in London yester[-]day.

Mr Justice Mervyn Davie[s] said it was in the public interes[t] that it should be wound up.

Bloomside, which was not re[-]presented and did not oppos[e] the petition, brought by th[e] Trade and Industry Depart[-]ment, was registered in 1980.

From February 1983 it collected substantial premiums fo[r] purportedly insuring domesti[c] appliances beyond the manufac[-]turer's guarantee period.

Mr Robert Gorsuch, Assistant Official Receiver, sai[d] claims of unsecured creditor[s] totalled £1,580,204.

## Laker case to resume this month in U.S.

By Duncan Campbell-Smith

JUDGE Harold H. Greene, presiding in the U.S. Federal Court in Washington over the Laker Airways anti-trust suit involving British Airways and nine other international airlines, has set May 30 as a firm date for his next meeting with all the parties to the dispute.

The judge indicated the last time they met oo May 8, that the parties should be io a positioo at their next meeting to agree formally on an out-of-court settlement of the suit or else face a resumption of legal proceedings in bis court. The suit alleges that the airlines combined to force Laker Airways out of business.

British Airways on behalf of the co-defendants has spent sioce last November pursuing an out-of-court settlement with the plaintiff. Mr Christopher Morris, the Touche Ross accountant who has acted as Laker Airways' liquidator following the company's collapse in 1982.

BA succeeded in presenting a settlement package on May 8 on behalf of all the defendants, offering a total of approximately $65m which would include $8m for Sir Freddie Laker himself and $8m also for Mr Robert Beckman, the U.S. lawyer advising Sir Freddie and acting for Mr Morris.

Both Sir Freddie and Mr Beckman have been involved over the last several days in lengthy discussions among the lawyers to the dispute. Detailed amendments to the proposed settlement have led to another in a long series of draft settlement papers produced by Linklaters and Paines, the London solicitors acting for BA.

Sir Freddie, who last week indicated to Judge Greene his willingness to accept — under certain conditions — his own $8m apportionment, has been pressing for a number of relatively minor concessions from the co-defendants. These are believed to include future travelling rights on their airlines.

Mr Beckman initially objected to the terms of the proposed settlement. He is thought to have been fully engaged this week in discussing the wording of the settlement papers but his exact position over the proposed terms remains unclear.

## Midland allocates Crocker task

BY DAVID LASCELLES, BANKING CORRESPONDENT

MIDLAND BANK has assigned to Mr John Brooks, at present deputy group chief executive, the task of integrating Crocker National Bank, its troubled California subsidiary, into the Midland Bank group.

The shareholders of Crocker and Midland are to vote nexl week on Midland's proposals to buy the 43 per cent interest in Crocker which it does not own in order to give it full control. Assuming approval, which seems likely, the operations of the U.S. bank will be drawn more closely into the UK group.

In its recent circular to shareholders, Midland said that the integratioo would concentrate on Crocker's international, merchant banking and capital markets activities, and parts of its other wholesale operations.

Some of the integrated operations would remain in Crocker and others would be transferred to Midland. Tha aim would be to improve group efficiency and raise Crocker's financial strength and profitability after the big losses it has suffered over the past 18 months.

Mr Brooks's position will be full-time and he estimated yesterday that the task could take three years. Actual responsibility for the running of Crocker will remain with Mr Frank Cahouet, its American chairman.

Mr Brooks haa worked mostly on the domestic and administrative side of the Midland group, although be has also bad experience of its International operations in his present post of number two to Mr Geoffrey Taylor, the chief executive.

His appointmnt will trigger a reshuffle of responsibilities among senior executives in tha Midland group.

His responsibilities for UK commercial banking and banking related activities will be assumed by Mr John Greenwell, who is appointed chief executive, UK business. Some of Mr Brooks's other responsibilitiea have been transferred to Mr Michael Julien who is reutled director, group finance and administration.

Mr Ian Paterson, chief executive of Forward Trust, Midland's finance subsidiary, will take on Mr Greenwell's responsibilities for Midland'a domeslic business, and Mr Peter Nicholson, a general manager in tha international division, will take over the top job at Forward Trust.

The appointments take effect on June 1.

Next week's vote on the Crocker deal will be in two stages. Crocker's shareholders will be asked to approve the terms on Tuesday and Midland's on Thursday. Although there has been opposition to the terms from Midland shareholders, who believe the acquisition is ill-advised, and Crocker shareholders, who maintain that the consideration they are being offered is not good enough, a positive vote is expected because of the lack of real alternatives for either bank.

Final approval, bowever, depends on the resolution of a legal action by a holder of Crocker preferred stock in a Delaware court who claims his interests bave not been respected. A judgment is expected fairly soon, possibly next week.

## Job hopes decline for Birmingham youth

BY MICHAEL DIXON

FEWER than one in 10 of Birmingham's 16-year-olds found work when they left school last year, says a report by the city'a careers service published yesterday.

It says the falling number of job-getters — 9 per cent in 1984 compared with 14 per cent a year earlier and nearly 70 per cent in 1974 — "illustrates the hurricane of changes that has been blowing through the economy."

The number of school-leavers still on tha unemployment register six months later was a little more tehan 9 per cent of the total.

Of the 16,717 who reached the aga of 16 in the city, 38 per cent stayed in full-time education, 37 per cent entered the Youth Trainiog Scheme, and 7 per cent could not be traced.

Part of tha reason for the scarcity of jobs for 16-year-olda is that employers increasingly prefer to recruit young people who have gone through the training scheme. The result is "a virtual raising of the age of entry to employment from 16 to 17 or beyond without legislation," the report says.

But the main cause is the decline in older industries which has rapidly reduced Birmingham from "the second most prosperous city in the country to one that is fighting to reduce unemployment and build a new economic base."

About 120,000 jobs have been lost in manufacturing alone, and even the service sector is taking in fewer school-leavers. "Naw industries need to he established."

The report points to dangers of declining levels of work skills which could hamper the growth of new industries. Of the 16-year-olds who found jobs, less than a third went into employment that included any training.

In traditional fields such as metal manufacturing, 112 young people obtained craft apprenticeships compared with 149 in 1983 and 896 in the mid-1970s. The number getting technician apprenticesbips fell to 43 from 54 the previous year.

Althougb the careers service found increased interest among scbool-leavers in electronics and computer work, "very rarely did the jobs market allow these aspirations to become a reality."

The careers service also found evidence of persistent discrimination by race and to a lesser extent sex.

*Facing Decline and Change. Birminghom Coreers Service (Snow Hill House, 10-15 Livery Street, Birminghom B3 2PE); £1.50.*

## Britoil thought to have first find in N. Sea block

BY DOMINIC LAWSON

BRITOIL IS BELIEVED to have struck oil in the first well drilled on a North Sea block auctioned in the ninth round of offshore oil and gas licences.

A three-company consortium led by Britoil paid the Government £12m in January for the right to drill on Block 9/23B.

Britoil's rush to drill the well, even before the Government had completed the ninth-round licences, was because seismic surveys on the block indicated a structure capable of holding up to 500m barrels of recoverable oil.

The next generation of North Sea fields is likely to average no more than 100m barrels each.

The oil said to have been found by Britoil is at a higber level than that target, and is likely to be part of a much smaller geological feature.

Britoil is expected to reach the main target of the well next week. The other companies involved are Hispanoil, the Spanisb state company, and Berkeley Exploration, a small UK company.

The bulk of the ninth-round awards are discretionary rather than auctioned, and the Government will announce the full results of the ninth-round before the summer recess at the end of next week.

● British Petroleum has placed a £15m order with the Trafalgar House subsidiary Cleveland Offshore for construction of two modules for Forties Echo, the platform to develop the south-eastern extension of the North Sea Forties Field.

## Avis seeks expansion via franchising

By Arthur Sandles

AVIS, the car rental group, is moving to franchising as a major plant for its expansion in the UK. Avis UK, previously entirely company owned and operated, today begins its first franchise link — Mr Peter Jacobs, operating an Avis rental outlet in Southwark, south London.

Avis has franchises in other parts of the world and has been particularly successful with the system in France. It has a French fleet of 11,000 cars at 263 locations of which 216 are licensees and only 47 corporate outlets.

In the past it has set its face against franchising in the UK, where it has more than 7,000 cars. Now it is forecasting a growth of 30 per cent through franchising alone.

In offering franchises for a basic £50,000 working capital and a joining fee of £15,000 Avis faces competition from Budget, the big U.S. franchise group, which has recently taken an aggressive atance in the UK.

## House sale contracts change urged by report

BY GEORGE GRAHAM

HOUSE BUYERS and sellers should he able to exchange binding contracts much earlier than they do now, a government committee has recommended.

The Inter-departmental Group on Simplifying House Buyiog said building societies and banks sbould be willing to give borrowers preliminary approval for loans, subject to the normal checks on income and house valuation.

Bridging finance should also be made more readily available, so that house buying chains can be broken. The costs of this finance should be spread over the full life of the loan.

Local authorities should respond more quickly to local searches and solicitors' inquiries, the committee said, and there sbould be more competition in professional services.

Legal procedures should continue to be simplified over the longer term, with the eventual aim of a system that is straightforward enough for individuals to operate without professional advice.

The committee was set up in February 1984 at the same time as the committee on conveyancing chaired by Professor Farrand.

*Report of the Inter-departmental Group on Simplifying House Buying. Department of the Environment publications. Sales Unit, Building 1, Victoria Road, South Ruislip, Middlesex. Price £2.80.*

## Actuaries call for radical re-think of pension schemes

BY MICHAEL PROWSE

**The right of employees who change jobs to take a cash transfer payment from tbeir pension scheme will not solve the problem of loss of pension rights on change of job, Mr Edward Jobnson, the Government Actuary, told the National Association of Pension Funds in Harrogate yesterday. Even with improvements in the Social Security Bill, the benefits for job changers would not match those for employees who remained in the scheme. He said the Government did not wish to compel employers to give more benefits to employees who left and took transfer valnes than those who took preserved pensions.**

BRITAIN'S PENSIONS need a radical re-think because they no longer meet the needs of society, according to a group of actuaries led hy Professor Bernard Benjamin of the City University.

The authors criticise both private and state pension achemes and warn of considerable dangers if the trends of the past 20 years continue.

They attack "defined benefit" private occupational schemes, which usually link pension to final salaries. They say the appearance of security tbat these give is an illusion, and they put an unaccpetable burden on employers who must either make good future deficits or renege on past promises.

The way forward, suggests the report, lies with "defined contribution" or money purchase schemes. These have an unjustifiably bad name because in the past they offered no protectioo against inflation. Modern schemes can be index-linked and actuaries can advise on the level of contributions needed to achieve a "target" final pension.

Sucb schemes meet the needs of mobile workers because transfer valnes can easily be calculated, and also suit companies which need to control costs. Individuals gain because benefits are directly linked to contributions.

The report echoes widespread worries that a rise in the ratio of pensioners to the working population will put new strains on a wholly pay-as-you-go state pension system.

Professor Benjamin says the strains will not arise for another 30 to 40 years and will be hardly greater than those successfully weathered earlier this ceotury.

The authors suggest the state earnings - related pension scheme may be too geoerous and should be abandoned. This would allow either a higher basic pension or lower national insurance contributions.

Oo taxation, the authors see little justification for tha privileged position of pension schemes compared with other savings. They say pension lump sums should he taxed and that all savings should be subject to expenditure tax principles—that is, taxed when drawn upon.

*Today and Tomorrow. Centre for Research in Insurance and Investment, City University, published by the Institute of Actuaries, Staple Inn Hall, High Holborn, London WC1V 7QJ.*

## British fashion given $50m boost

By Christopher Parkes

J. C. PENNEY, the third largest retailer in the U.S., yesterday opened the door to the American market for a group of Britain's liveliest fashion companies.

Contracts have been signed for abont $50m worth of goods from 30 companies, which will feature in a Best of Britain promotion in 500 of the company's 1,700 stores thia antumn.

The orders are already being followed by negotiations for further supplies to be included in Penney's regular stock.

A team from Miss Selfridge, the women's fashion group with 70 stores, is i nNew York discussing a collection for next spring to follow its contribution to the promotion.

Penney has also placed a $2m order with Reldan, a private company, which sells 30 per cent of its output to Marks and Spencer. Reldan executives will be in the U.S. next month to discuss further contracts.

I. J. Dewhirst of Sunderland, another major supplier to M and S, has a £3m contract and has taken on an extra 250 staff to help fill it and any subsequent work which may come from negotiations netx month.

Other companies taking part inclnde Experience, a young women's fashion house, Mansfield Hosiery, Daks: Grenson Shoes and Royal Doulton.

Penny, with stores in every U.S. state and more than 50 outlets in Belgium, last year recorded sales of more than $13bn. It is in the middle of a $1bn "repositioning" and upgrading exercise, dropping garden supplies and other products from its range and concentrating more on soft gods and gifts.

Last year, for example, sales of women's wear rose 17 per cent.

The group is spending more than $9m on advertising the promotions, undertaken after a survey among customers showed that most wanted to see more British fashion.

It will be suported by the now routina array of double-decker buses, bobbies and town criers. The Duke of Kent, vice-chairman of the British Overseas Trade Board, will open it in New York on October 15.

## Government to publish list of tax concessions

By Clive Wolman, Finance Correspondent

THE Government announced yesterday that it would publisb every six months a list of all the tax concessions not recognised by the law which it regularly grants.

The decision is the outcome of e Whitehall review undertaken in response to criticisms made by Labour MPs during the passage of last year's Finance Bill. The MPs claimed that the cost of "extra-statutory concessions" exceeded £100m a year, that not all were published or subject to Parliamentary scrutiny and tbat it was unfair to the majority of taxpayers if they were not informed that such concessions were available.

Mr John Moore, Financial Secretery to the Treasury, said yesterday in response to a Parliamentary question tbat reviews would be conducted twice yearly to identify any extra - statutory concessions made by Inland Revenue officials and the published list "will he updated accordingly."

Following his statement the Inland Revenue published a list of 27 concessions and the Customs and Excise Department a list of 250. There are now a total of 209 in force.

*According* to an Inland Reveoue statement, the rise in the number of concessions over recen tyears "reflects the wider span of the tax code as well aa the increasing demands on Parliamentary time" which therefore limits the opportunities for chagning legislation to take account of administrative practice.

## BBC inquiry members named

By Raymond Snoddy

MR LEON BRITTAN, the Home Secretary, yesterday announced the six members of the Peacock Committee which is to look at alternative methods of financing the BBC.

Tbe six are: Mr Samuel Brittan, principal economic commentator and an assistant editor of the Financial Times (and brother of Mr Leon Brittan), Miss Judith Chalmers, the broadcaster, Mr Jeremy Hardie, an economist and businessman who is a former deputy chairman of the Monopolies Commission, Professor Alastair Hetherington, research professor of media studies at the University of Stirling and former editor of the Guardian, Lord Quinton, the philosopher and president of Trinity College, Oxford, aod Sir Peter Reynolds, chairman of Ranks Hovis McDougall.

The positions are unpaid.

The committee will consider supplementing or replacing the licence fee by advertising or spoosorship and report by next summer.

## U.S. go-ahead for private transatlantic telephone cables

BY JASON CRISP

THE WAY has been cleared for a substantial increase in competition in tran-Atlantic telecommunications. The Federal Communications Commission of the U.S. gave approval yesterday for the installation of the first private enterprise trans-Atlantic telephone cables.

Tele-Optik, a joint venture between Britain's Cable and Wireless and U.S. investors led by E. F. Hutton, can now build two fibre optic cables across the Atlantic at a cost of $600m (£477m).

The decision will significantly stregthen Cable and Wireless'a position as an international telecommunications carrier. The link between Britain and the U.S. is the busiest intercontinental routa in the world.

International telephone traffic is also highly profitable for telephone administrations which are monopolies in most countries.

Tel-Optik 50 per cent owned by C&W, plans to lay the first cable (PTAT-1) across the Atlantic to start service in June 1989. A second cable will be laid in the early 1990s. The British end of the cable will be connected to Mercury, tha C&W subsidiary which is building a UK telecommunications network to compete with British Telecom.

Tel-Optik applied to the FCC last September and had expected a decision by the end of the year. The application appeared to run into a number of difficulties and objections. C&W saya the delay in approval will not set back the introduction date.

Orders for the first cable will be placed next summer. The only likely contenders would be Britain's STC, American Telephone and Telegraph, NEC of Japan and Submarcon of France.

The first trans-Atlantic cable to use optical fibres—hair thin strands of glass which carry huge levels communications in the form of light pulses — will be installed in 1988 for the public telephone authorities.

## Biffen calls for Pym's support on pensions

BY JOHN HUNT

MR JOHN BIFFEN, Leader of the Commons, last night made it clear that the Government intends to press ahead with its sweeping social security review in spite of unease in his own party and criticism from the Opposition.

He invited Centre Forward, the new group of dissident Tory MPs chaired by Mr Francis Pym, to join in arguing the Conservative case for pensions reform.

The Government would face the toughest political battle, he said, and be called on Centre Forward to join "the hard match ahead." He said: "They and members of the team must shoot straight and shoot to score."

In an effort to allay the fears of those who are worried about the electoral repercussions of abolishing the state earnings related pension scheme, he promised that the basic state pension would be preserved.

"Furthermore, we will make additional pension provision that does not create irresponsible burdens for future generations to bear," he said.

Althongh there was a Treasury aspect to social welfare, he said, the Green Paper to be issued shortly would not be a Treasury document aimed at limiting the taxpayers' commitment.

The jungle of complex regulations had to be simplified and areas of social need properly identified. When this was done the new proposals could be set alongside past major reforms identified with Beveridge and Lloyd-George.

● Mr Pym last night strongly rejected any possibility of the newly formed Conservative Centre Forward group of MPs doing a deal with the SDP-Liberal Alliance in a hung Parliament after the next general election.

Interviewed on Channel 4 TV's A Week in Politics, he said be would not allow himself to be drafted as Prime Minister of a coalition in these circumstances.

## Commons debate sought on problems at Lloyd's

BY JOHN MOORE, CITY CORRESPONDENT

MR JONATHAN AITKEN, Conservative MP for Thanet, has called for a debate in the Commons on the latest problems to surface in tha Lloyd's insurance market.

He raised the issue in Parliament earlier this week and was advised that if be was to pnrsue the matter be should seek an adjournment debate.

Yesterday Mr Aitken said that he was concerned at the lack of zeal by the prosecuting authorities in bringing prosecutions against Lloyd's members alleged to have misappropriated other underwriting members' funds.

Ha is also concerned about an immunity provision in Lloyd'a legislation which protects the Lloyd's ruling council from suits for damages over problems which erupt in the market.

His moves follow the revelations earlier this week that underwriting members at Lloyd's whose affairs are managed by Richard Becket Underwriting Agencies face losses of £130m.

A steering group of underwriting members, which has the suport of 300 individuals, has raised a fighting fund of £70,000, and seeks to raise up to about £4m to protect the interests of underwriting members.

Price Waterhouse, the accountants, are carrying out an extensive investigation on behalf of the steering committee to find what has gone wrong, and why the underwriting members face such huge losses.

## Kinnock hits out at Owen

BY ROBIN REEVES, WELSH CORRESPONDENT

MR NEIL KINNOCK, the Labour leader, yesterday launched a aavage attack on Dr David Owen.

He told the Labour Party's Welsh conference the Social Democrats' leader was "an ego fat on arrogance and drunk with ambition."

"Political renegades always start their career of treachery aa the best men of all parties and end np in the Tory knackeries," said Mr Kinnock, quoting Aneurin Bevan.

Dr Owen's offer to tolerate or even worse, endorse, the weakening of state earnings related pensions, was collusion, not consensus, he said.

Mr Kinnock described the Alliance as a party without policy, or principle, or purpose.

"All they bave is a sort of movable 'Question Time' programme where the answers are determined by the latest fad, the current fashion where only inconsistency is consistent and equivocation is firm.

Raymond Snoddy reports on Zenith, a Central TV offspring that is growing up fast

## Fledgeling film company feels benefits of Insignificance

THE APPLAUSE at Cannes for the film Insignificance was sustained rather than overwhelming.

But it was triumph enough for Mr Charles Denton, chief executive of Zenith, wholly-owned film making subsidiary of Central TV, the Midlands ITV company.

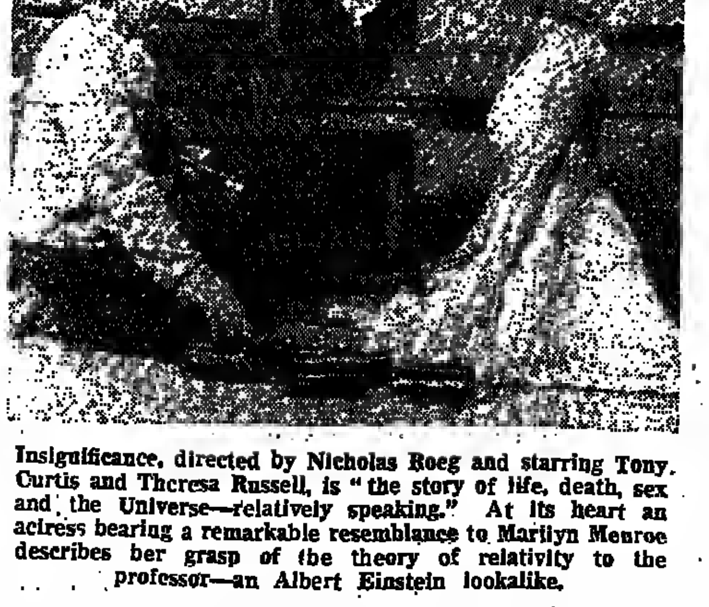
In little more than a year Zenith Productions, formally incorporated only last October, has become one of the most active of independent UK feature film production company.

"We took a decision to push the boat out at the Cannes Film Festival in the expectation that we would bave something to make a noise about but we didn't believe we would have the British competition entry," said Mr Denton, former director of programmes at Central.

Zenith has completed three films. Apart from Insignificance, The Hit has sold in many parts of the world and Wetherby won top prize at the Berlin Film Festival. A fourth is under way.

Mr Denton also revealed at Cannea a package of five new British feature films which will cost about £15m. A further five are in an early stage of preparation.

"We are an independent production company with money," Mr Denton says with a smile.



**Insignificance, directed by Nicholas Roeg and starring Tony Curtis and Theresa Russell, is "the story of life, death, sex and the Universe—relatively speaking." At its heart an actress bearing a remarkable resemblance to Marilyn Monroe describes her grasp of the theory of relativity to the professor—an Albert Einstein lookalike.**

In the beginning the money came from Zenith's parent company. Central put up the first year's overheads of £600,000, a £250,000 production fund and provided cash flow for The Hit.

In its first year Zenith has spent £12m on production and contributed more than £1m in pre-tax profits to Central.

The new package of films, which include High Places, a view of the Profumo affair from the perspective of osteopath Dr Stephen Ward, and Armaggedon featuring puppets from Central TV's Spitting Image programme.

The filma have attracted substntial investment from a private backer.

Zenith has also benefited from its origins in UK commercial television and the ability to offset costs of programme production agaiost the 67 per cent Treasury levy on ITV profits.

"Anything made for showing on ITV is theoretically, and in many cases actually is, levy allowable. The levy has hought us an entry ticket into independent product" Mr Denton says.

Zenith is also working on several substantial television projects including an eight-hour series on the life and career of Cecil Rhodes to be shot in Africa and a four-hour drama on the life of Indira Gandbi to be filmed in India.

Zenith is determined not to depend on levy underpinning however, but operate oo a fully commercial basis.

The small company, which has a permanent staff of only 15, sees its role as identifying projects and putting together the financial marriages to make theoi happen.

The financial package will vary from film to film. But Zenith hopes to raiae about 60 per cent of film budgets from pre-sales and take completion guarantee insurance on every ooc.

Central moved into film production partly because of its experience with Kennedy, a television mini series filmed mainly on location in the U.S. which was sold to more than 60 countries.

The company aaw a commercial opportunity for projects which exceeded the needs of an ITV contractor.

"The world market has got a higher and highar level of demand for drama on film," Charles Denton believes.

Zenith's approach, according to Margaret Matheson, director of productions and former controller of drama at Central, is highly individualistic.

"What we are trying to do is make the space for writers, producers and directors to do something which might kick you sideways or just might be a catastrophe," sbe says.

"But we will also try to stop them spending the wrong amount of money on the wrong things."

Mr Denton hopes it is a financial and creative approach that will enable Zenith to follow Central unto the unlisted securities market.

**David Goodhart** assesses the implications of the Nacods overtime ban

# Pit deputies set for a lonely battle

HOW TIMES CHANGE. Just over six months ago the prospect of industrial action by Nacods, the small pit deputies' union, was causing cabinet ministers to shake in their boots.

Faced with the imminent closure of one third of working pits, the Coal Board made a number of significant—if carefully worded—concessions which led to the famous October 23 agreement on pit closures, subsequently described by the Prime Minister as "sacrosanct."

As Nacods this weekend prepares to organise an overtime ban to defend that agreement—which could after some weeks cut production by about one quarter—the Government and Coal Board remain apparently unmoved.

Indeed, Mr Michael Eaton, NCB spokesman, conceded at least part of the Nacods case yesterday by admitting that all recent closures have not gone through the review procedure.

But regardless of how strong Nacods' case may be that the spirit if not the precise letter of its agreement has been broken, the Coal Board will not be hurrying to make any concessions this time.

There still remains considerable confusion over how the overtime ban will be implemented as the word "overtime" does not actually appear in any Nacods agreement. Meetings over the weekend are expected to decide to stop safety checks before shifts and stop weekend work.

With the deputies being almost the only men legally entitled to carry out a number of operations crucial to the safety of a pit, there will be no side-stepping the ban and the NCB has already said it will have to send home miners without pay when it starts to bite.

That will ensure hostility from members of the National Union of Mineworkers and build up pressure for Nacods to call off the ban. The 60-40 vote for action effectively rules out stepping up the action into an all-out strike and its meagre resources are in any case depleted after the year-long miners' strike. So the union could soon find itself suing for peace.

Nacods has backed into this action to try to save some face. But it looks set to become the final, doomed, attempt to stop the NCB claiming its victor's laurels—the right to close the pits it wants.

The NUM could be excused for saying: "I told you so." With perhaps a more realistic, or cynical, view of power relations in the industry, NUM officials poured a great deal of cold water on the October 23 pact at the time it was signed. They predicted that the rhetoric of compromise would not last long.

Thanks largely to their own defeat, the NUM have been proved right. "The fact is all these different bits of paper don't really mean anything now. The coal board won the dispute and it is now — as it said it would — closing pits and there isn't anything we can do about it," one candid NUM official said yesterday.

How exactly is the NCB breaking with the October 23 agreement in Nacods' view? That agreement was concerned with a number of things including payment of deputies during the NUM dispute and an outline agreement for an independent—albeit advisory — stage in the colliery review procedure.

There was also one crucial paragraph which referred to the five pits originally in dispute between the board and the NUM. It reads: "The board undertake that Polmaise, Herrington, Bullcliffe Wood, Cortonwood and Snowdown will remain open. They will be considered in common with all other pits under a modified Colliery Review Procedure."

According to Nacods officials that reference to all other pits makes quite illegitimate the effective supplanting of their agreement by the board's March 27 announcement of a special review period.

The NCB says that the special review period will cease at the end of May having closed Frances and Polkemmet in Scotland, Bedwas in Wales, and Hawdon and Bates in the North-east outside any agreement.

At the end of May, all pits will go back into the review procedure as some, such as the two Yorkshire closures announced this week, are already doing.

But as things stand at present, they will go back into the old review procedure as during the overtime ban, the board has refused to continue discussions on the new independent layer of the procedure.

More important, Mr Peter McNestry, general secretary of Nacods, says even the old procedure will continue to be undermined by the board's unilateral break with the old status quo provision of the review procedure by which men and machinery would stay put in a pit once it had gone into review. "They are now telling us that pits are not closing but then moving all the men to different pits," he said.

The board for its part would stress the special post-strike circumstances of the March 27-end May period, and claim that in all other respects, it is "honouring the agreement of October 23" as the Nacods overtime ban ballot paper called upon it to do.

Mr McNestry would also claim that the board has been deliberately dragging its feet on the talks on the modified review procedure in order to close a number of loss-making pits which have considerable reserves"; just the sort of cases that an independent review might open up."

The difference between the parties on the composition and terms of reference of the independent review are now said to be slight—covering such things as the number of independent members on the review body. It could be around a final deal on the modified review that Nacods will be able to wriggle off the overtime ban hook in the face of the board's post-victory confidence.

# STC to cut 300 jobs in Ulster

*By Our Financial Staff*

STC Telecommunications is to cut 300 jobs at its Monkstown factory in County Antrim, Northern Ireland.

The company said the cuts would take effect during 1985, but apart from staff leaving voluntarily there would be no redundancies before November.

STC said the move followed a review of its forward workload, particularly for telephones and in its personal communications division.

It said the cuts would enable STC to compete successfully in world markets which were becoming increasingly liberalised and open to international competition.

Most of the jobs affected would be among support and service departments affecting staff at most levels.

Like other telecommunications companies STC has been cutting its workforce in most of its plants as a result of the increasing electronics content of its products. STC had planned to make advanced digital telephone exchanges at Monkstown if it won the recent contract to supply British Telecom with its alternative to System X. Thorn-Ericsson won the order.

# Fewer collieries and pit jobs predicted by industry report

BY MAURICE SAMUELSON

BRITAIN will have 80 fewer pits by 1990 than on the eve of the miners' strike, while the number of mining jobs could fall by between 60,000 and 105,000, says a report out this week.

The number of collieries would fall from 181 to 101. However in the same period—end of March 1984 to end of March 1990—there would be only a slight fall in deep-mined coal production: from 96.6m tonnes to 93.4m tonnes.

The report, by Mr Jonathan Winterton, a Bradford University lecturer, was released as a first shot in the newly-formed Coalfield Communities Campaign. Sponsors of the campaign include Lord Ezra, the former NCB chairman, Lord Gormley, the former NUM president, and Mr James Callaghan, the former Labour Prime Minister.

It says the scale of job losses will depend not merely on the number of collieries which are shut, but on the pace of introducing new technology.

South Wales followed by Scotland, would be the two areas most affected in percentage and absolute terms by job losses through pit closures, although the North-east and Western areas could each lose more jobs in absolute terms than Scotland.

Doncaster and the Western areas would suffer the highest percentage job loss through the introduction of new technology. Almost 10,000 jobs would also be lost from each half of the newly united Nottinghamshire area.

● By the year 2000, the UK will become a net importer of coal, landing 13m-20m tonnes in the short term and 30m-4[0m] tonnes a year in the long term, says another report this week.

The report — NCB at the Crossroads — claims that the Central Electricity Generating Board, the National Coal Board's biggest customer, is trying to get out of its present contracts restricting imports.

*Source of the Crisis. Jonathan Winterton, Coalfield Communities Campaign, Barnsley Enterprise Centre, 1 Pontefract Rd., Barnsley (no price). NCB at the Crossroads. American Coal Investment Co. and W. H. Gamble & Partners, 23 Buckingham Palace Rd., London, SW1; $1,000.*

# City specialists' pay above average

BY OUR LABOUR STAFF

DEMAND for specialist staff in the City continues to seriously outstrip supply, keeping pay levels at senior management levels is about 25 per cent above the UK average, according to the latest Incomes Data Services Top Pay Unit review.

According to figures quoted by IDS, salaries for directors are 26.5 per cent above average. For managers, they are 11.6 per cent above average. The managerial differential between the financial services sector and the rest of industry is 25.8 per cent.

Experienced corporate finance directors remain the area of most acute shortage. "Pacific basin expertise is particularly at a premium attracting spectacular 'merit' increases and other payments used to reta[in] successful fund managers ...

# Ballot case to be heard next week

By Raymond Hughes, Law Courts Correspondent

THE HIGH COURT move by a member of the Transport and General Workers Union to force it to disclose, branch by branch, the results of ballots for a successor to Mr Moss Evans, the union's general secretary, will be heard next week, probably on Thursday.

Mr Declan Hughes, a farmworker from Hawkhurst, Kent, is seeking orders requiring the union to give extensive details of the voting in last year's disputed ballot and in the re-run. Voting in the latter began on Monday.

His claims include one for an injunction stopping the union declaring a victor in the contest between Mr Ron Todd, last year's winner, and Mr George Wright, the defeated candidate whose complaints of irregularities led to the re-run, until details of voting at branch level have been given to members.

Voting will close on June 7, and the count will take place between June 11 and June 15.

In court yesterday, Mr Simon Goldblatt, QC, for Mr Hughes, said that the central issue was the meaning of TGWU rule 13 (3) (9), which states that scrutineers of branch ballots and officials in charge of voting at regional offices, "shall declare the result."

"We say 'declare the result' means make it known to the members—not incorporate a new kind of secret ballot where you hold a ballot and keep the results secret."

Irregularities in last year's election had come to light and individual branch members had no effective means of knowing what had gone wrong, Mr Goldblatt said.

The only evidence will be instructions on the two ballots sent by Mr Evans to regional secretaries and a copy of the report by Mr John Garnett, director of the Industrial Society, on his investigation of alleged irregularities

# Tax staff to boycott youth training project

BY OUR LABOUR STAFF

TRADE UNION backing for the Government's Youth Training Scheme suffered a blow yesterday when tax staff voted to withdraw from the scheme.

The annual conference of the Inland Revenue Staff Federation in Bournemouth decided to end co-operation with the Manpower Services Commission's scheme to provide training and work experience for young people.

Other civil service unions have not co-operated with the scheme virtually since it began, but the IRSF had agreed 24 trainees being taken on at the pilot computerisation of the Pay As You Earn project at Telford in Shropshire.

The union leadership says it has secured considerably better safeguards and monitoring of the scheme, plus a guarantee of jobs for those at Telford.

But union left wingers, angered by their narrow defeat on the issue at last year's conference, have been campaigning hard in the last year for the scheme to be rejected.

No delegates spoke in favour of the scheme. Moving the motion opposing it, Mr Steve Whittle, Central London Collection branch, said that since the introduction of schemes like YTS, adult wages had been held down.

Mr Paul Mullins, of Ealing Collection, said YTS was simply another form of job substitution —getting work done on the cheap.

Miss Liz Symons, IRSF assistant secretary, said the Government had given a commitment that there would be no compulsory element introduced to the scheme and strongly pressed the case of supporting the young people in the Telford scheme.

However, the conference decided on a show of hands to withdraw from the scheme. Many delegates abstained.

The IRSF also agreed to ban the use of casual employees and reaffirmed its ban on overtime. This, and the YTS decision, leaves the moderate IRSF with the most militant policy on manpower — the dominant theme of this week's conferences among all the civil service unions.

# CPSA political fund move

BY OUR LABOUR STAFF

THE ANNUAL conference of the Civil and Public Services Association, the largest Civil Service union, voted yesterday to ballot the union's 145,000 members on setting up a political fund.

The decision, taken against the advice of the union's national leadership, means that three Civil Service unions — the CPSA, the Inland Revenue Staff Federation and the Civil Service Union—have mandates to ballot their members on launching political funds.

When the CPSA last conducted such a ballot in 1983, there was a 67 per cent majority against a political fund on a 51 per cent turnout.

The union's leadership argued yesterday that it was not the right time to hold a repeat vote. Other delegates said, however, that the union had to vote a special fund to protect its activities following redefinition of unions' "political" objectives under the Trade Union Act 1984.

Most public sector unions are anxious about how courts will interpret the legislation, in spite of recent assurances by Mr Tom King, Employment Secretary, that the Act was designed to cover purely party political activities.

# New talks to end Nalgo strike

By David Brindle, Labour Staff

FRESH TALKS will be held on Monday in an effort to end the two-week strike by about 900 employees of the National and Local Government Officers' Association.

The decision to offer the talks was taken yesterday by the union's general purposes committee, comprising lay members responsible for staff matters.

Strikers' leaders saw the move as a weakening of the committee's resolve. Earlier in the week, they said, the committee refused to hold further discussions and refused to take the dispute to arbitration.

The strikers felt there was growing pressure from within the union to settle the dispute, which threatens to force cancellation of Nalgo's annual conference starting on June 11.

The dispute is over the dismissal of Mr Jim Roberts, a Nalgo press officer, for allegedly leaking a confidential document to Mr Derek Hatton, deputy leader of Liverpool City Council. Both men are supporters of Militant Tendency.

Only 20 Nalgo employees are members of Mr Roberts' union, the National Union of Journalists, but other staff have joined the dispute on the grounds that the alleged evidence of his guilt is purely circumstantial.

Mr John Daly, Nalgo's general secretary, is the only member of staff at work without special dispensation.

He said yesterday that hopes of a settlement on Monday were not high, and that the general purposes committee remained adamant that the NUJ must abide by the appeals tribunal which upheld Mr Roberts' dismissal.

# Bifu seeks jobs assurance from Barclays

By David Brindle, Labour Staff

THE BANKING Insurance and Finance Union (Bifu) yesterday demanded an assurance from Barclays on the future of the bank's network of international branches in Britain.

The demand followed an announcement by Barclays that it planned to close two branches, in Wolverhampton and Sheffield and to redeploy their combined staff of about 50.

Bifu said the announcement confirmed its fears that the merger in January this year of Barclays and its subsidiary, Barclays Bank International, would lead to a contraction of the international branch network and to job losses.

The union, which had opposed the merger, said Barclays had never given a clear assurance on job security. The announcement made it imperative that the cloud hanging over the other 12 branches was lifted.

Barclays, which plans to close the Wolverhampton and Sheffield branches within a year, said it was keeping all branches under review; the two in question would become surplus with the development of larger offices in Birmingham and Nottingham.

● Bifu yesterday failed in a final attempt to persuade employers to improve the 6.5 per cent pay offer to staff of the main English clearing banks. The rise is being paid from this month.

# TREND OF INDUSTRIAL PROFITS

## ANALYSIS OF 99 COMPANIES

Corporate profits for 99 companies reporting annual results between July 1 and September 30 last year suggest that the recovery in the consumer sector that had been noted previously was beginning to feed through to capital goods—although the emphasis was on the short-term rather than the long.

Hence the centre of growth for capital goods was in materials, electronics, metals and motors—all industries that can respond quickly to rising demand and who see additional volume coming through in profit terms. The laggards were construction, electricals and engineering where the time scale of projects and internationally poor markets plus continued shakeout were a depressing influence.

The other strong growth area seen from these figures is banking—both high street and merchant—which lifted the financial sector by one third. These figures are somewhat distorted, however, by the small number of institutions reporting in the period.

Within the consumer sector there was a clear divide this time between brewing and foods (both with seriously low average growth) and stores, leisure, packaging and paper and textiles. The beer and food makers had less than half the sectors average growth causing it to drop behind capital goods overall.

All figures in the table are in £m with the corresponding results for the previous year in brackets.

| INDUSTRY | No. of Cos. | Turnover (1) | Profits before int. & tax (2) | Pre tax Profits (3) | % chnge | Tax (4) | Earned for Ordinary Dividends (5) | % chnge | Ord. dividends (6) | % chnge | Cash Flow (7) | Net Capital Employed (8) | Net Return on Cap % (9) | Net Current assets (10) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| BUILDING MATERIALS | 2 | 561.8 (460.6) | 41.3 (29.2) | 37.2 (24.6) | +51.2 | 13.2 (8.5) | 24.1 (16.5) | +46.1 | 6.2 (5.0) | +24.0 | 26.6 (19.2) | 210.4 (187.3) | 19.3 (16.6) | 117.0 (91.4) |
| CONTRACTING, CONSTRUCTION | 5 | 885.8 (774.3) | 56.4 (52.6) | 55.0 (40.0) | +37.5 | 23.0 (14.1) | 32.0 (25.4) | +26.0 | 11.1 (8.1) | +37.0 | 40.2 (34.0) | 249.2 (364.8) | 15.6 (13.4) | 192.6 (165.6) |
| ELECTRICALS | 1 | 34.5 (31.1) | 2.2 (2.8) | 1.2 (1.6) | −20.5 | 0.4 (0.3) | 0.7 (1.2) | −41.7 | 0.4 (0.4) | — | 1.3 (1.6) | 21.0 (22.0) | 10.5 (11.4) | 8.8 (8.1) |
| ELECTRONICS | 6 | 272.3 (153.4) | 45.7 (25.1) | 40.5 (24.5) | +64.5 | 15.6 (11.4) | 25.6 (15.5) | +66.7 | 5.9 (4.0) | +47.5 | 25.2 (11.9) | 140.0 (79.8) | 31.2 (29.1) | 108.2 (64.7) |
| MECHANICAL ENGINEERING | 6 | 1,418.6 (1,520.8) | 152.5 (116.0) | 100.5 (97.5) | +3.5 | 36.1 (31.8) | 64.4 (62.2) | +3.5 | 55.5 (22.7) | 13.6 | 80.0 (74.5) | 849.8 (803.2) | 15.5 (14.5) | 394.[illegible] (415.[illegible]) |
| METALS AND METAL FORMING | 5 | 336.7 (342.8) | 18.5 (9.8) | 15.8 (3.3) | +426.4 | 6.8 (4.1) | 4.6 (−2.0) | +343.5 | 4.6 (4.8) | −4.4 | 9.7 (1.9) | 258.6 (245.2) | 8.1 (4.0) | 53.6 (67.3) |
| MOTORS | 8 | 2,460.3 (2,224.8) | 151.8 (90.4) | 80.5 (42.1) | +165.7 | 25.6 (10.3) | 51.4 (24.0) | +165.3 | 17.3 (13.3) | +30.1 | 110.5 (87.5) | 1,227.1 (1,102.3) | 10.7 (7.8) | 348.[illegible] (357.[illegible]) |
| OTHER INDUSTRIAL MATERIALS | 1 | 604.2 (490.2) | 74.9 (58.2) | 65.6 (48.5) | +31.2 | 25.7 (16.5) | 35.1 (21.6) | +25.8 | 16.0 (14.2) | +9.9 | 46.1 (20.5) | 529.8 (479.9) | 14.5 (12.1) | 69.1 (56.6) |
| TOTAL CAPITAL GOODS | 36 | 6,052.5 (5,544.0) | 504.2 (354.1) | 386.6 (274.0) | +44.4 | 141.2 (104.2) | 240.4 (165.0) | +45.7 | 86.6 (75.3) | −16.1 | 341.4 (249.8) | 4,051.9 (3,874.4) | 13.8 (11.4) | 1,293 (1,234) |
| BREWERS AND DISTILLERS | 10 | 8,947.0 (8,024.1) | 860.1 (725.9) | 658.1 (509.8) | +26.8 | 222.5 (200.1) | 447.8 (375.0) | +19.4 | 157.5 (183.5) | −38.1 | 552.8 (440.1) | 3,705.7 (3,147.5) | 14.9 (14.9) | 585.0 (507.1) |
| FOOD MANUFACTURING | 4 | 6,750.5 (7,289.4) | 310.4 (261.[illegible]) | 165.5 (170.2) | −6.7 | 51.4 (25.3) | 132.5 (150.0) | −5.3 | 45.8 (40.0) | +14.5 | 152.9 (152.4) | 1,775.2 (1,664.5) | 17.9 (15.4) | 409.5 (434.0) |
| FOOD RETAILING | 2 | 755.7 (660.2) | 37.6 (31.6) | 26.9 (31.2) | +18.5 | 17.2 (14.1) | 19.7 (17.2) | +14.5 | 7.1 (6.1) | +16.4 | 18.8 (16.3) | 127.0 (106.8) | 31.1 (29.6) | −17.[illegible] (−16.[illegible]) |
| HEALTH AND HOUSEHOLD PRODUCTS | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| LEISURE | 5 | 1,033.7 (826.7) | 68.1 (56.6) | 62.4 (61.5) | +35.6 | 21.2 (38.5) | 46.5 (25.6) | +82.0 | 32.6 (14.9) | +51.0 | 134.4 (104.9) | 769.6 (553.8) | 13.6 (14.4) | −111.[illegible] (−100.[illegible]) |
| NEWSPAPERS, PUBLISHING | 3 | 400.4 (406.4) | 31.6 (28.5) | 29.0 (24.5) | +18.5 | 6.8 (1.8) | 21.0 (16.[illegible]) | +56.7 | 6.5 (6.2) | +25.0 | 30.4 (25.5) | 311.4 (160.9) | 8.8 (14.7) | 44.4 (34.5) |
| PACKAGING AND PAPER | 2 | 184.3 (151.6) | 22.6 (22.1) | 24.8 (17.3) | +162.2 | 7.8 (4.7) | 47.1 (52.8) | +183.[illegible] | 4.0 (8.[illegible]) | +48.2 | 45.5 (21.4) | 128.0 (101.0) | 44.2 (34.7) | 31.9 (21.2) |
| STORES | 3 | 627.7 (542.4) | 77.5 (55.8) | 35.4 (22.3) | +45.0 | 30.9 (20.0) | 44.2 (32.8) | +34.8 | 16.8 (12.0) | +31.7 | 45.3 (32.7) | 485.9 (401.3) | 17.0 (13.9) | −3.6 (19.3) |
| TEXTILES | 1 | 22.0 (25.1) | 3.9 (2.7) | 3.9 (3.[illegible]) | +44.4 | 1.6 (1.1) | 2.3 (2.1) | −14.6 | 0.7 (0.6) | +16.7 | 2.5 (2.6) | 25.9 (22.2) | 10.3 (12.2) | 20.4 (19.4) |
| TOBACCOS | — | — (—) | — (—) | — (—) | — | — (—) | — (—) | — | — (—) | — | — (—) | — (—) | — (—) | — (—) |
| OTHER CONSUMERS | — | — (—) | — (—) | — (—) | — (—) | — (—) | — (—) | — (—) | — (—) | — (—) | — (—) | — (—) | — (—) | — (—) |
| TOTAL CONSUMER GRP † | 39 | 20,601.[illegible] (17,003.4) | 1,462.2 (1,272.1) | 1,168.0 (967.0) | +20.7 | 375.0 (312.0) | 781.2 (652.5) | +19.8 | 256.3 (250.0) | +14.5 | 950.5 (794.9) | 8,346.7 (8,550.0) | 15.9 (15.3) | 965.3 (910.1) |
| CHEMICALS | 1 | 2,105.0 (1,701.5) | 235.4 (222.8) | 178.8 (136.8) | +30.7 | 38.1 (19.0) | 132.2 (96.0) | +36.9 | 59.0 (54.3) | +10.5 | 347.6 (370.7) | 2,346.6 (2,042.4) | 12.2 (10.9) | 330.[illegible] (220.[illegible]) |
| OFFICE EQUIPMENT | — | — (—) | — (—) | — (—) | — (—) | — (—) | — (—) | — | — (—) | — | — (—) | — (—) | — (—) | — (—) |
| SHIPPING AND TRANSPORT | — | — (—) | — (—) | — (—) | — (—) | — (—) | — (—) | — (—) | — (—) | — (—) | — (—) | — (—) | — (—) | — (—) |
| MISCELLANEOUS | 8 | 6,505.7 (5,756.6) | 445.5 (342.1) | 325.6 (199.0) | +61.6 | 89.6 (49.7) | 229.2 (145.4) | +57.6 | 68.1 (46.5) | +47.1 | 270.6 (175.6) | 2,493.0 (1,894.7) | 17.9 (13.1) | 904.7 (539.6) |
| TELEPHONE NET WORKS | — | — (—) | — (—) | — (—) | — (—) | — (—) | — (—) | — (—) | — (—) | — (—) | — (—) | — (—) | — (—) | — (—) |
| TOTAL INDUSTRIAL GRP | 72 | 34,562.5 (24,180.6) | 2,720.8 (2,154.9) | 2,067.2 (1,519.0) | +36.6 | 617.9 (464.3) | 1,369.0 (1,046.6) | +30.9 | 455.6 (455.9) | −0.1 | 1,878.5 (1,597.1) | 17,640.2 (15,549.5) | 15.3 (14.0) | 3,494.[illegible] (2,913.8) |
| OILS | — | — (—) | — (—) | — (—) | — | — (—) | — (—) | — | — (—) | — | — (—) | — (—) | — (—) | — (—) |
| BANKS | — | — (—) | 156.2 (105.2) | 156.1 (86.6) | +47.6 | 63.4 (14.6) | 64.1 (71.2) | −10.0 | 15.5 (16.7) | −16.6 | 63.7 (71.0) | 908.0 (877.6) | 16.1 (10.5) | 604.[illegible] (626.[illegible]) |
| DISCOUNT HOUSES | — | — (—) | — (—) | — (—) | — | — (—) | — (—) | — | — (—) | — | — (—) | — (—) | — (—) | — (—) |
| INSURANCE (LIFE) | — | — (—) | — (—) | — (—) | — | — (—) | — (—) | — | — (—) | — | — (—) | — (—) | — (—) | — (—) |
| INSURANCE (COMPOSITE) | — | — (—) | — (—) | — (—) | — (—) | — (—) | — (—) | — (—) | — (—) | — (—) | — (—) | — (—) | — (—) | — (—) |
| INSURANCE BROKERS | — | — (—) | — (—) | — (—) | — | — (—) | — (—) | — | — (—) | — | — (—) | — (—) | — (—) | — (—) |
| MERCHANT BANKS | 1 | — (—) | 14.8 (8.8) | 10.3 (−1.5) | +786.7 | 2.7 (1.4) | 7.1 (−3.0) | +336.7 | 2.6 (—) | — | 6.3 (−1.9) | *105.1 (*84.0) | 13.5 (8.2) | 13.9 (6.9) |
| PROPERTY | 5 | — (—) | 110.9 (99.0) | 60.6 (55.5) | +12.6 | 35.7 (31.7) | 56.3 (31.7) | +14.8 | 24.3 (21.4) | −13.6 | 13.1 (11.2) | 1,573.0 (1,592.7) | 7.1 (6.8) | 30.3 (33.5) |
| OTHER FINANCIAL | 4 | — (—) | 66.3 (65.5) | 21.5 (25.4) | +24.0 | 7.8 (10.6) | 13.9 (14.9) | −6.7 | 7.0 (5.1) | +37.5 | 19.4 (13.0) | 880.2 (805.5) | 10.0 (13.0) | 127.2 (44.0) |
| TOTAL FINANCIAL GROUP | 10 | — (—) | 349.4 (209.4) | 220.2 (164.9) | +34.1 | 67.0 (46.5) | 121.5 (114.5) | +6.7 | 53.8 (43.2) | +55.9 | 95.5 (85.5) | 13,223.1 (12,878.6) | 10.9 (9.4) | 775.6 (771.3) |
| INVESTMENT TRUSTS | 14 | — (—) | 50.8 (44.7) | 40.5 (37.8) | +7.2 | 14.6 (14.1) | 25.4 (25.5) | −9.0 | 24.7 (22.3) | +10.6 | 0.9 (1.2) | 1,558.2 (1,242.1) | 3.3 (3.6) | 23.2 (−2.1) |
| MINING FINANCE | — | — (—) | — (—) | — (—) | — | — (—) | — (—) | — | — (—) | — | — (—) | — (—) | — (—) | — (—) |
| OVERSEAS TRADERS | 5 | 2549.9 (2655.1) | 240.6 (217.5) | 144.7 (117.8) | +23.0 | 63.5 (50.3) | 62.0 (43.0) | +50.7 | 27.1 (24.1) | +12.5 | 81.6 (62.6) | 1,619.9 (1,455.4) | 14.9 (14.9) | 64.2 (73.4) |

### NOTES ON COMPILATION OF THE TABLE

The classification is that of the Institute and Faculty of Actuaries used in the daily Financial Times—Actuaries Indices.

Col. 1 gives turnover, exclusive of VAT unless otherwise indicated.

Col. 2 gives profits before interest and taxation, that is to say profits after all charges except loan and other interest but before deducting taxation provisions and minority interests.

N.B.—Certain companies, including merchant banks, discount houses, insurance and shipping companies are exempted from disclosing the full information required under the Companies Act 1948.

Col. 3 gives Pre-tax Profits, that is to say profits after all charges including debentures and loan interest but before deducting taxation provision and minority interests.

Col. 4 groups all corporation taxation including Dominion, Colonial and Foreign liability and future tax provisions but excluding adjustments relating to previous years.

Col. 5 gives the net profits accruing on equity capital after meeting—
1—Minority interests.
2—All prior charges—sinking fund payments, etc. and Preference dividends and
3—Provisions for staff and employees pensions funds where this is a standard annual charge against net revenue.

Col. 6 sets out the net cost of dividend on equity capital.

Col. 7 is the capital generated internally over a year's trading. For the purposes of comparison equity earnings, plus depreciation less equity dividends is the recognised method of computing this figure.

Col. 8 constitutes the total net capital employed. This is the total of net fixed assets—excluding intangibles such as goodwill—plus current assets less current liabilities, except bank overdrafts.

* For merchant banks a more realistic figure to quote is the balance-sheet total.

Col. 9 represents the net return on capital employed. Col. 2 as a percentage of Col. 8 provides an indication of average profitability.

† Excluding merchant banks insurance (life and composite).

Col. 10 net current assets are arrived at by the subtraction of current liabilities and provision from current assets.

† Other Consumer Group has been absorbed into other groups.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
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Saturday May 18 1985

# To fund or not to fund

WITHIN a short time — unless the Government postpones its proposals again, as it is increasingly tending to do on controversial subjects—the country is going to be plunged into a debate on pensions. It is likely to be an angry one.

Before the shouting becomes deafening, then, it is worth taking a cool look at the issue which is perhaps closest to the hearts of stock market investors —the proposal to make a massive switch from the existing pay-as-you-go system, which offers modest indexed pensions to some 11m workers, to some kind of funded scheme.

First, as Dr Johnson advised, you must clear your mind of cant. The funding question is often presented as a moral issue. It is thought somehow morally better that people should provide for their own future than rely on a future generation to do the job. This may look persuasive; but so does the opposite statement: it is better that children should care for their aged parents than that they should leave them to fend for themselves.

The fact is that the moral issue is a complete irrelevance. However the contract may be drawn up, the retired will be making a claim on the resources of the economy when they are retired. There are only three issues: how many claimants there will be, how much they have been promised, and what resources will be available when the time comes.

Funding is concerned only with the last two of these questions. Funded schemes such as we know today do not offer any indexed guarantee of real value, which may prove burdensome; and indeed the "money purchase" schemes which are now becoming fashionable are not even related to final salary, and make no promises at all. This means that the retired in a funded system can readily be robbed by inflation — or even virtually wiped out, as in Germany in 1923.

Indeed, it was because pensioners suffered so severely from inflation in the mid-1970s that all parties agreed on Mrs Castle's pay-as-you-go scheme. We would not again ask the old to bear the main burden of economic adjustment. This was, you may think, a very moral decision: but like other moral decisions, it was not necessarily realistic.

It was because the present government looked at the first question — the future number of claimants—that they decided that this undertaking must be phased out. The burden—pensioners would be taking nearly a quarter of the national income by 2020, and even more in the end — was considered unthinkable.

However, this cost consideration is not necessarily an argument for funding—indeed, the expected burden of funded pensions is expected by actuaries to grow just as fast as the burden of the state scheme. This is because most funded schemes, in default of indexation, offer a higher starting pension in relation to final pay. The argument for the change does depend crucially on the third proposition: that funding will somehow ensure that the economy becomes more productive, and better able to carry any given burden.

Some people seem to regard this proposition as self-evident, so the first point to make is that it isn't. The simplest method of funding — cutting current consumption to provide for the future—is the peasant method of stuffing banknotes into a mattress. This does nothing whatever for the economy, though it does free resources to meet the demands of older peasants who are unstitching their mattresses and spending the proceeds.

## Pipeline

Our own building societies, by the way, are acting simply as institutionalised mattresses when they finance the purchase of second-hand houses. People who borrow have to cut their consumption to meet repayments, old savers spend these savings, and houseprices find whatever level is needed to clear these flows.

What the proponents of funding are talking about is productive investment in growth, through the stock market. Well, it may happen, but there is no cause and effect here. A financial market is just a pipeline between savers and spenders.

Most of the money passing through the stock market pipeline from investing institutions goes either into buying out existing private shareholders, who spend on consumption, or overseas far more than into new British company investment) or, above all, into government stock. In this context gilt-edged stock is a kind of marketable state pension scheme—a promise that future taxpayers will pay your pension.

So is there no difference? No. There is one: a change to funding will reduce consumer incomes. This will tend initially to depress the economy and sterling; but it will improve the balance of payments and build up claims on foreign economies —if all countries do it, it will reduce interest rates, making investment cheaper. Whether these changes would encourage growth, as in Japan, or lead to a depression, as in the 1930s, has everything to do with economic management and very little to do with funding.

AFTER THE LLOYD'S MEETING

# The story of a £130m loss

By John Moore, City Correspondent

THE audience was nervous before the performance on Monday at the Royal Festival Hall. Port and brandies were ordered at the bar by some of the elegantly turned-out ladies and gentlemen to calm churning stomachs.

It was no ordinary occasion, for this audience was formed of around 500 or so members of the Lloyd's insurance market, and their professional advisers, who had come to listen to the managers of their affairs give them details of their investment in Lloyd's. The members had not expected good news and they did not get it. They were told that they had to be prepared to fund £130m of insurance losses which were expected to fall on them as underwriting members of Lloyd's.

"Come clean, you devil," one angry underwriting member shouted at the stage where the managers of his affairs at Lloyd's, Richard Beckett Underwriting Agencies were seated. It was a mark of the confusion and anger felt by him and his fellow underwriting members who want to know why the problems happened and whether they will happen again. Some face personal bankruptcy if they have to pay out for the insurance claims.

The underwriting members of Lloyd's are a very unusual class of investor. They are drawn from the wealthiest end of society and usually have to show that they have £100,000 of personal wealth before they become members. It is their wealth, which they pledge to Lloyd's, which allows the market to function. In return for their commitment they receive a share of the profits—but they also have to meet insurance losses even if those losses swallow up their entire personal fortunes.

Losses arise frequently for the 26,000 underwriting members at Lloyds. But the huge losses in this case have been compounded by the alleged misappropriation of funds. Members whose insurance business has been affected by the troubles include: the Duchess of Kent, the Duchess of Marlborough, Viscount Portman, Jeffrey Archer, the novelist, Adnan Kashoggi, the businessman and Charles Longbottom, a former Conservative MP.

Most of the 1,525 affected, however, are not well-off celebrities. Rather they are farmers, successful businessmen, lawyers, accountants and insurance professionals of the Lloyd's market itself.

Those members who work in Lloyd's are known as "vocational" members.

One farmer faces losses of more than £500,000. A secretary put into Lloyd's by a former boss at the Beckett underwriting agency faces losses of around £250,000. But whole families — including members, their waves, sons and daughters — face combined losses running to millions.

The underwriting members affected are arguing that the situation has called into question Lloyd's regulatory structure. They are highly critical of the management of the Richard Beckett Underwriting Agency and its parent company, Minet Holdings, the large insurance broker. "I would not recommend anyone to become a member of Lloyd's until this is sorted out," said Mr Keith Whitten, a 39-year-old City head-hunter who stands to lose £105,000 from his involvement as a member of Lloyd's.

The anger of the members, meanwhile, has been fired by other troubles which have surfaced at the agency in the last three years. In 1982 Lloyd's launched an emergency inquiry into an insurance contract arranged by former underwriting executives of Minet's underwriting agency interests. The Lloyd's inquiry had been prompted by accountants Deloittes Haskins and Sells who were examining the books of Alexander Howden, another large insurance broker.

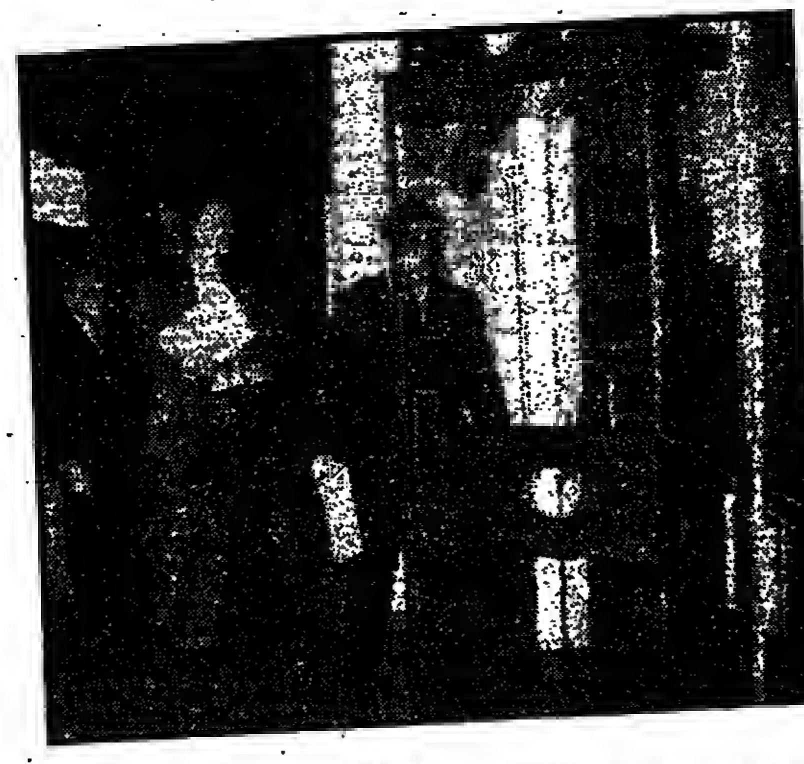
Deloitte Haskins & Sells had already established that $55m had gone missing at Howden, allegedly misappropriated by former Howden executives. But they had discovered a new problem. Highly unorthodox insurance contracts had been arranged by executives of underwriting interests of Minet.

The Department of Trade and Industry decided to appoint inspectors to investigate the matter and asked the City of London Police Fraud Squad to assist it in its inquiries. Shortly after, Mr John Wallrock, chairman of Minet, resigned when he admitted that he had secretly gained benefit from insurance transactions for the Lloyd's underwriting members within the group.

Minet later discovered that £40m of funds had gone missing which it alleged had been misappropriated by its two leading underwriting executives, Mr Peter Cameron-Webb and Mr Peter Dixon. They had spent the money on buying yachts, executive jets, production costs of two films "Let's do it" and "The Last Horror Show," oil and gas wells in the U.S., a French orange juice company and other private investments.

How then did it happen and what has brought hundreds of comfortably-off individuals to the brink of financial ruin?

A key figures in the story is Mr Cameron-Webb, a highly respected underwriter within Lloyd's who had established a considerable reputation in the 1960s and 1970s. He was, according to one broker, "one of the 'brains' of the market."



Lloyd's members attending the meeting and, right, the amous Lutine bell

## Underwriting members of Lloyd's are a very unusual class of investor

His early business life was spent working with Sir Peter Green, the former chairman of Lloyd's.

Later Mr Cameron-Webb set up his own underwriting agency, called PCW, that was to be renamed "Richard Beckett Underwriting Agencies" by Minet once the troubles surfaced in later years. The agency supervised the affairs of Lloyd's underwriting members an Mr Cameron-Webb took on insurance business on behalf of the members. It was a successful agency and in 1973 he decided to sell it on to Minet.

He received around £2m in the deal but drove a hard bargain with Mr Wallrock, the then chairman of Minet, in the way the agency was to be run. Under the arrangement, Mr Cameron-Webb and his partner, Mr Dixon, were to be left with full autonomy in the running of the agency; they were to own the voting shares in the agency, while Minet would hold non-voting shares which received a dividend; and only one member of the Minet board was to be allowed to sit on the agency's own board—with the agency nominating the individual. It chose Mr Wallrock.

It was further stipulated that there was to be no involvement by Minet in the conduct of the agency unless the value of the asset became substantially impaired. By the end of 1982 action was needed.

So for nine years, the entrepreneurial Mr Cameron-Webb, together with his partner Mr Dixon, was running his own show in the high risk business of insurance.

In arranging business for the members, Mr Cameron-Webb made extensive use of the world's arcane reinsurance markets. These are used to lay off the risks of the syndicates with other insurance concerns which are expected to pay claims to the syndicates in the event of large losses. To secure reinsurance the syndicates pay money in the form of a premium to gain the necessary protection.

But once Lloyd's started its inquiries and Minet launched its own investigation it was found that PCW was using reinsurance in a way that was not originally intended. The money flowed out of the syndicates, ostensibly as a reinsurance premium, and was eventually channelled to companies in Gibraltar that were owned by interests of Mr Cameron-Webb and Mr Dixon.

Minet found, among the contracts, that Mr Cameron-Webb had arranged that around 5 per cent of the syndicates' premium income was passed across to companies which they owned. The contracts were drawn up so that in the event of losses the companies would pay 5 per cent of any claims falling on the syndicates.

Minet's Beckett agency has since sought to unscramble the mess. It located £25m of the missing funds in Gibraltar. But it faced a problem. If the money was to be returned to the members it had to be channelled back through a number of other companies. To channel the funds to their interests in Gibraltar, Mr Cameron-Webb and Mr Dixon had utilised independent companies outside the Minet group, which wanted the policies cancelled if the funds were to be returned. Minet's Beckett agency did that. The result of doing so was to remove a part of the syndicates' reinsurance programme.

Last summer, Minet arranged for a return of funds of £25m to the underwriting members which had allegedly been misappropriated by Mr Cameron-Webb and Mr Dixon. This was topped up by a £13.14m contribution by Minet and Alexander & Alexander, the parent company of Alexander Howden through which much of the missing money had been routed.

The offer was timely. Insurance claims were pouring into the syndicates arising from court cases against U.S. industrial companies by families of former employees who had contracted asbestosis. Other liability claims were coming through to the syndicates arising from the use of Agent Orange, the defoliant used during the Vietnam war. These claims were now arising on business which had been accepted in earlier years by the agency management. The losses from this and other business totalled £37.9m. So the £38.14m offer by Minet's interests helped wipe out individual losses of syndicate members who stood to lose up to £233,000 each.

Mr Ralph Bailey, a newly appointed underwriter, who had taken over the running of Beckett's 400-strong syndicate 918, decided that the possibility of other liability claims was so great that funds would be needed from the members in order to take account of future losses. Together with its sister syndicates, the members are to be asked to find £60m to fund future losses though the agency hopes that if the funds are provided the interest earned on the money over a possible 20 year period will be sufficient to meet the expected £130m of insurance claims which will arise.

Because of the mounting problems at the agency Minet has had to take urgent action. Richard Beckett is to be closed at the end of the year and the underwriting members will have to find other managers in the Lloyd's market to run their affairs.

The underwriting members are shocked that the possible claims were not anticipated last year by the current management of the agency, and are furious that Minet appears to be "walking away" from the agency's management. They are also arguing that they have not received up to £40m of interest on the money which went missing over the years.

For Lloyd's, the problems of the Minet agency have created their own regulatory nightmare. Much of what happened took place before Lloyd's legislation improving its regulatory powers was passed in the 1982 Lloyds Act. The powers of the Lloyd's authorities were limited in the extent to which they could intervene. Any intervention by the market authorities in underwriting affairs of the business was, and still is, resented by those working in a market where freedom of action is jealously guarded.

So Lloyd's has reacted to, rather than prevented the problems. It is taking disciplinary action against Mr Wallrock, who is hoping to clear his name. Other disciplinary proceedings have been taken against Mr Dixon, who has been fined £1m, and expelled from the market subject to final ratification by Lloyd's council and completion of the disciplinary process. Both Mr Cameron-Webb and Mr Dixon are living abroad and Mr Cameron-Webb is working on the Lloyd's style insurance market in Florida, the Insurance Exchange of the Americas. Mr Cameron-Webb resigned from Lloyd's at the end of 1981 and is therefore now beyond the reach of Lloyd's disciplinary procedures.

Underwriting members hope that the troubles at the Minet agency will give impetus to further reforms at Lloyd's. A range of accounting reforms has already been pushed through and others are on the way. Better monitoring of what is happening in the market is also likely to be introduced. Unfortunately for the members of the Beckett agency the reforms have come too late to save them from their own financial agony.

## Man in the News

Bettino Craxi

# Italy's poacher turned keeper

By James Buxton in Rome

NOT MANY governments see their share of the vote actually rise in mid-term elections. But this is just one of the ways in which the Italian Government led by Sig Bettino Craxi is an exception.

The most significant winners of this week's nationwide local elections were the Christian Democrates, the largest single party. The big losers were the Communists. But the major beneficiary ought still to be Sig Craxi, the Socialist Prime Minister, whose own party did well too.

Nothing is certain in Italian politics, but it would be odd if Sig Craxi did not now carry on as Prime Minister for a good bit more of the present parliament, which has another three years to run.

Things Italian are usually paradoxical. How does one explain how a man with no previous experience at any level of administration, and leader of a party with little more than a tenth of the national vote, heads a government that has run for 21 months, outlasting all but four of its 44 predecessors?

The answer is partly that the Socialists are essential to the formation of any coalition that excludes the Communists and, partly that Sig Craxi used to make such a nuisance of himself when he was a junior coalition partner, regularly bringing downt he goverment, that after the 1983 election there was no alternative to giving him what he wanted — Palazzo Chigi, the Prime Minister's residence. With the poacher now gamekeeper, it is hardly surprising that relative calm reigns in the woods.

Sig Craxi looks much more like a typical western European Prime Minister than the almost unbroken stream of Christian Democrats who preceded him. Whereas they were always looking over their shoulders to see what their rivals in the amorphous party were up to, Sig Craxi is unchallenged in his power base. Whereas they often seemed more interested in extending their influence within the party than in governing Italy, Sig Craxi manifestly enjoys being Prime Minister. He has a commanding air and is more impressive for being tall and solidly built.

His five-party coalition is not a Socialist government, and his own socialism is extremely mild. He prefers to see the Socialists as a modernising, secular force in contrast to the Christian Democrats. He likes to represent an Italy that is modern, stylish and confident—the Italy of the successful businesses of the north. He is the first Italian Prime Minister to come from Milan, Italy's second capital.

Sig Craxi's government is certainly more efficient than those of his predecessors. He established an inner cabinet to take decisions more smoothly than the full 30-man body. He is well served by an efficient staff of administrators at Palazzo Chigi, and his government has set new standards in getting the annual finance bill approved before the year which it covers — instead of, as happened for many years, several months late.

He is also lucky to have a cabinet that contains several highly experienced and determined ministers, and a Christian Democrat deputy prime minister, Sig Arnaldo Forlani, who is a genius at squaring Sig Craxi's aims with those of the majority party.

As a result, his government has achieved quite a lot. It has brought inflation down into single figures for the first time in a decade, partly by means of a cut in wage indexation which Sig Craxi boldly forced through in the face of Communist outrage and Christian Democrat doubts. Last winter it brought in a tax measure which will completely alter the Italian way of life by forcing shopkeepers and self-employed artisans to pay more tax. No Christian Democrat prime minister would have done the same.

But it is difficult to say whether Sig Craxi has a fully considered medium-term strategy. He has been lucky to preside over an economic recovery but has so far done little to tackle what many consider the most serious problem the country faces — runaway expenditure by a highly inefficient state sector.

"Bettino would be a better Prime Minister if it weren't for his temperament," says an official, who works with him. Once embarked on a project he pursues it impatiently, making use of every device to obtain approval from a congested and often obstructive parliament. He often becomes enraged when his will is thwarted, as it regularly is in a political system that gives Prime Ministers little power. But once he has achieved something his attention passes to something else: he does not always follow up what he has initiated.

Intensely suspicious by nature, he can gratuitously offend his allies with an unnecessarily blunt phrase and has unhesitatingly sparred by exchanges of communiques with the respected President of the republic, the 88-yera-old fellow Socialist Sandro Pertini. Infuriated by a recent total news blackout caused by a journalists' strike, he used government reserve powers to force the RAI, the state broadcasting company, to interrupt its entertainment programmes in order to broadcast a communique from the Prime Minister's office. The statement was no more than a list of the decidedly humdrum engagements Sig Craxi was to fulfil the following day.

Some people regard that presumptuousness as a refreshing cheek contrasting with the pomposity of some previous Prime Ministers. But in a country where any suggestion of authoritarian behaviour stirs uneasy memories of the Fascist period, such actions do not go down well. Italy's leading cartoonist Forattini regularly portrays Sig Craxi in the black shirt and with the jutting chin of Benito Mussolini, and the joke seems to strike a chord.

Yet when he is pleased, a beguiling smile creeps over his face and his critics are temporarily disarmed. When asked on television a trick question about the economy he wriggled out of it by saying frankly to his questioner: "You're an economist—you tell me the answer."

The electorate has, in any case, shown that it considers the defects of the Craxi Government to be outweighed by the benefits of the stability it has brought. If Sig Craxi continues as Prime Minister he will have a chance to register some important achievements, now that the electioneering is over.

But what worries both his friends and his enemies is how a man who has such a pivotal position in Italian political set-up wil lever be able to content himself with less than the Premiership.

The Local Government Bill

# The Other House hits back

By Kevin Brown

LIKE MARK TWAIN, who once complained that reports of his death had been greatly exaggerated, the Government has been busily playing down its recent series of defeats in the House of Lords.

Ministers are saying that the five amendments so far written into the Local Government Bill, which abolishes the Greater London Council and the six metropolitan county councils, have been accorded far more importance than they deserve.

The Lords is a revising Chamber, and the Government must accept that occasionally it will revise, Viscount Whitelaw, the Leader of the House, is reported to have told the Cabinet.

Yet there is no doubt that the Government has been rattled by the successful guerrilla campaign against the Bill.

The Government has been having difficulties with its legislation in the Lords for some time, notably on last year's Bill paving the way for local authority abolition, and on the Insolvency Bill.

The Local Government Bill represents a highwater mark in this respect, however, since it has triggered the widest alliance of opposition the Government has yet had to face.

In addition to Labour and Alliance peers, the opponents of the Bill have also recruited a number of Conservative peers.

Some like Lord Molson, a former minister, have wide-ranging objections to the Bill and have given consistent support to attempts to amend it. Others have restricted their opposition to specific issues in which they have special expertise.

The latter include senior Conservative peers like Lord Plummer of St Marylebone, a former leader of the GLC, Lord Sandford, president of the Association of District Councils, and the Earl of Cranbrook, chairman of a Lords select committee inquiry into the scientific and technological aspects of local government.

There has also been criticism from the Bishops' bench, notably from the Bishops of Liverpool and London, not normally noted for their coincidence of view.

The most important section of opinion, however, is the independent crossbench peers. By definition, the crossbenchers act as individuals and their voting behaviour cannot be predicted with any certainty. The evidence, however, is that so far they have split slightly more against than for the Government.


Lord Home: was his intervention a turning point?

This shifting coalition of opponents is sufficiently strong to defeat the Government when it coalesces, especially if the Government fails to pull its full strength.

The man charged with preventing that is Lord Denham, the Government Chief Whip, whose success in persuading elderly Tory peers to turn up to vote is praised even by his opponents.

Lord Denham's problem, however, is that he cannot be sure that his troops will fire in the right direction once he has marched them into place. The nature of the Lords is that peers are less vulnerable to party pressures than MPs since they cannot lose their seats, and have mostly abandoned political ambition.

This has led the Government to try a little too hard on some occasions, fracturing the studied calm in which peers like to do business. Both Lord Gowrie and Lord Elton, the two ministers piloting the Bill through the House, have incurred criticism for excessively fancy procedural footwork.

Many Opposition and independent peers feel that the Government has gone over the top in its repeated claims that attempts to amend the Bill form part of an unconstitutional wrecking campaign.

This arises out of the Opposition's strategy of sniping at the Government's attempts to transfer most GLC and metropolitan county functions to borough and district councils.

In a series of amendments, opponents have sought to transfer as many responsibilities as possible to non-elected countrywide joint boards, and have succeeded with highways and waste disposal.

The campaign came to a head in an attempt to amalgamate those functions the Bill itself transfers to countrywide bodies — police, fire and transport services.

This was torpedoed by an assault on its alleged constitutional impropriety led by Lord Home of the Hirsel, speaking with all the authority of a former Conservative Prime Minister.

Lord Home brought cheers from many Tory peers and a sparkle to Lord Denham's eye as he accused the Bill's opponents of breaching the convention that peers should not challenge the principles of a Bill approved by the Commons and arising from a manifesto commitment given by the Government.

In fact, many peers on all sides of the House privately believe that the constitutional argument is a red herring. Any clash with the Commons would come only if MPs rejected Lords amendments and peers then insisted on reinserting them. Given the narrow majorities with which most amendments have prevailed, this seems unlikely.

Nevertheless, the position is difficult for the Government, which has to find the least politically damaging way of ensuring that its views prevail, while at the same time appearing to treat the revising powers of the Lords seriously.

This is especially important in view of the Government's use of the "guillotine" procedure to curtail debate in the Commons, which enables opponents of the Bill to claim that many of the Lords amendments represent the only serious consideration the Bill has had.

Any attempt to reverse the amendments during the later stages of its passage through the Lords would risk incurring a double defeat. That could encourage Tory MPs such as Mr Edward Heath, the former Prime Minister, to renew their own campaign against the Bill. But a decision to go straight to the Commons could be equally damaging, since it would open the Government to the charge that it is not prepared to accept improvements to the Bill.

Business managers believe Lord Home's intervention may mark a turning point for the Government, although there is some apprehension about an amendment, moved by the Bishop of London, to set up county-wide voluntary service authorities. This will be discussed on Monday.

The latest indications are that, if too many further defeats can be avoided, the Government will accept most of the changes that have been made, with the exception of the county-wide authority for highways, which ministers are adamant must be reversed.

Whatever happens, the Lords has substantially improved its image during the three weeks of committee stage debates.

The red leather benches boast some of the best speakers in Parliament, including one of the wittiest Cabinet ministers, Lord Gowrie, and possibly the best debater in either House, Lord Boyd-Carpenter, a former Minister and a strong Government supporter.

With the TV cameras in almost constant attendance, the Lords could hardly have delivered a more eloquent reply to Bagehot's jibe that the cure for admiring the Lords was to go and look at it.

Profile of Edward Hennessy

# High priest of U.S. takeovers

By Terry Dodsworth in New York

WHEN HE was a young man, Mr Edward Hennessy trained for the priesthood. After three years, he gave up the seminary, but this week, as the mastermind behind the $5bn Allied-Signal merger, he emerged as the new high-priest of U.S. corporate takeovers.

The deal is a landmark, even in a period of unparalleled takeover activity. It is the biggest non-oil transaction in history, establishes the eighth largest manufacturing group in the U.S. and propels Allied-Signal up among the six largest aerospace companies. If the reshuffling of assets works out as Mr Hennessy has so far very carefully planned, it should also leave the combined business with around $2.5bn in cash, providing the springboard for further acquisitions.

It is difficult to glean any of the excitement of this enormously ambitious drive for growth from Mr Hennessy. As he fields questions in his sober, mature businessman's uniform of white shirt, pin-striped suit and firmly buttoned-down waistcoat, he could, as one of his former aides says, "still be in the seminary." He is direct, unemotional and to the point.

Yet few people doubt that the thrill of incessant expansion and change bubbles away beneath the cool, matter-of-fact exterior. "He's a tough guy who's very competitive, makes decisions quickly and likes to win," as an acquaintance once put it. Indeed, Mr Hennessy is entirely unambiguous about his intentions:

"There are two ways to grow," he says. "One is to develop new products with your own research and development—but then you have to put a distribution system in place. With stock prices the way they are, acquisitions are a much cheaper way of establishing new markets and new businesses."

In some ways, this attitude is anomalous in the present-day U.S. takeover game. The non-stop acquisition activity of the last two years has been driven by a new breed of financial entrepreneurs, the self-styled raiders whose skill lies in mobilising stock market support despite limited financial resources or even proven managerial ability.

Mr Hennessy is a throwback to an earlier era when big acquisitions demanded equally large companies with hefty balance sheets and healthily inflated share prices. His corporate roots go back to the glory years of ITT and United Technologies, the successive leaders of the U.S. takeover pack in the 1960s and 1970s.

The experience has left Mr Hennessy, born in working-class Boston 57 years ago, with an abiding admiration for Mr Harold Geneen, the man who turned ITT into the most ferociously acquisitive conglomerate of the post-war era. After taking a night school degree in finance, Mr Hennessy became ITT's controller in Europe.

"Geneen was one of the smartest businessmen of this century," he says, "and he was a hell of a teacher. He taught me balance sheet management—taking money out of the balance sheet and using it to expand into other areas."

Mr Hennessy is less communicative about his period under Mr Harry Gray, the tough, dictatorial boss of United Technologies, whose unwillingness to give up control has led to a series of senior management resignations over the last few years. Mr Hennessy was one of these victims, departing to join Allied when it became clear that he would not make it to the top of UT.

UT, however, gave him a taste for really big takeovers. As Mr Gray's right-hand man, he had an inside track on some of the biggest U.S. acquisitions up to then, including Carrier Air Conditioning and Otis Elevators. By the time he left, he had gone through around 20 acquisitions "friendly and unfriendly."

When he arrived at Allied in 1979 it was, according to one analyst, a "second class oil and gas company." That was also the period when some professionals were predicting oil prices of $60 to $70 a barrel.

"The trouble was," says Mr Hennessy, "that oil exploration costs were escalating by the same sort of numbers. We sat down to plan out strategy and decided to concentrate on two high technology areas, electronics and health care."

He also began to show his teeth as a chief executive, firing 188 people to lop around $30m off Allied's costs. This was a side of Mr Hennessy which people who had worked with him before were surprised to see. He did not enjoy the experience, but it was rooted in a calculating, pragmatic approach to managemen[t] shown, to take just one exampl[e] in his early advocacy of manag[e]ment by objectives.

"He is a strictly no-nonsen[se] manager," recalls one colleagu[e]. "He's blunt, gets straight to t[he] point, and has not time for sma[ll] talk."

At Allied, Mr Hennessy h[as] also shown what Geneen taug[ht] him about deal-making a[nd] managing a balance sheet. Bo[th] are exemplified in the 19[..] Bendix acquisition, one of t[he] most extraordinary in the anna[ls] of U.S. takeovers. In wh[at] eventually became a bruisi[ng] four-way battle, involving U[T] among others, Mr Hennes[sy] carried off the prize with [a] $1.9bn price tag which ma[ny] thought was too high.

In the short term, Allied di[d], indeed, take some punishme[nt] from Bendix. Its machine to[ol] activities were a heavy dra[in] on earnings, and the dive[st]ments of the different pieces [of] the division brought lot[s of] write-offs of around $370m. B[ut] part of Mr Hennessy's credo [is] that asset sales are the corolla[ry] of ambitious acquisitions.

Within two years, by virtue [of] other, profitable disposa[ls,] Allied had paid down abo[ut] $1bn of the debt incurred [to] take on Bendix. Last yea[r] Bendix's worldwide aerospa[ce] and automotive activiti[es] accounted for 44 per cent [of] Allied's earnings, pushing t[he] oil and gas division down to [..] per cent from 80 per cent wh[en] Mr Hennessy joined. "W[e] achieved the balance that we s[et] out to do," he says.

Where does Allied go fro[m] here? The Signal deal, creati[ng] a group with sales of almo[st] $17bn, has, he says, given t[he] group "critical mass" in t[he] aerospace, automotive a[nd] chemicals sector, while geari[ng] up its electronics activities.

Allied is hardly a pure hi[gh] technology company yet, [as] shown in its modest sto[ck] market rating and an avera[ge] return on investment of arou[nd] 14 per cent. But it is continui[ng] to invest heavily in new pr[o]ducts, and Mr Hennessy believ[es] that Signal's electroni[cs] expertise will be an invaluab[le] resource.

There will also be an inev[it]able period of remodelling, mo[re] disposals—and more acqui[si]tions. Mr Hennessy protests th[at] he has no interest in where t[he] company stands in the Fortu[ne] 500 list. But he can hardly ha[ve] failed to notice that Allied [is] now running neck and ne[ck] with Mr Gray's United Tec[h]nologies, and that just one mo[re] deal would put him indisputab[ly] in front.

# Letters to the Editor

## Aid, trade and subsidies

*From the Industrial Director, National Economic Development Office*

Sir,—The arguments in your leader (May 3) on "Aid, trade and subsidies" are irreproachable and would no doubt have the support even of those who advocate soft finance in appropriate competitive situations; until, that is, one reaches the last two sentences.

In no sense do the arguments in favour of international agreement to limit export supports lead to the conclusion that in the absence of agreement we go it alone, unilaterally remove our own measures in support of capital exports, quit the field in favour of the Japanese and French. Indeed, Byatt (to whose report you refer with approval) did not go so far as to say "there is no rationale for copying or matching" others' policies. Nor did he claim the elimination of export credits ("subsidies," as he terms them) is likely to benefit the domestic economy. "Matching," he wrote, "is not justified for its own sake but only because of any contribution it can make to the eventual elimination of subsidies. In the absence of such a contribution the case for subsidy has to be made on specific industrial or other domestic policy grounds and on the usual economic criteria that the benefits outweigh the costs."

Our own recent (and as yet, confidential) research illustrates such benefits, showing how modest and selective use of support has made possible business of a value very many times greater on fully commercial terms and to a multiplicity of British manufacturers and subcontractors.

J. R. S. Homan.
*Millbank Tower, Millbank, S.W.1.*

## High costs of protection

*From the Chairman, Textile Industry Support Campaign*

Sir,—In your leader (May 9) on the high costs of protection you invite exporting industries to make their own voices heard. May I, on behalf of the UK textile industry, accept your invitation on the grounds that we are the sixth largest exporting industry with £2.7bn in 1983.

The Multifibre Arrangement is not the big bogey of protectionism that you claim. It attempts to regulate international trade almost entirely on a quota basis with very generous annual increases of up to 6 per cent despite the fact that Western economies seldom grow by half that amount. Such tariffs that are applied vary between 7 per cent and 16 per cent—not, as you imply, 30 per cent, and the benefits to the ... of the MFA are highly questionable.

You claim that import controls damage the importing country's economy but the U.S. and Japan show the reverse to be true. You further claim that such controls encourage retaliation but in the same issue Samuel Brittan puts forward a case for not taking retaliatory action against Japan for her restrictive policy on imports. This apparent inconsistency highlights the complexity of international trade and your obsession with "free trade" at any cost does nothing to enhance your credibility.

John G. Bridge.
*115 Windsor Road, Oldham.*

## Uncertainty on pensions

*From Mr M. Ballisat*

Sir,—Mr Harsant (May 15) draws attention to the complexities of the state earnings related scheme and inevitable chaos, expense and inequities which will follow any "phasing out."

It is the existing "contracting-out" requirements which are complex and have been made more so by the recent legislation. The Occupational Pensions Board is currently unable to give definitive guidance on how some aspects of the legislation should be interpreted. This must surely result in many contracted-out schemes being wrongly administered and involve employers in unnecessary costs.

The objective must be to provide income later in life when it is no longer possible for it to be earned from employment. This income may come from the state or an occupational scheme or private savings. The earnings related scheme provides an ideal vehicle for those who change employments or cannot or do not make personal savings, to accumulate an earnings related pension. To introduce immediate changes now based on cost projections stretching well into the next century comes strangely from a Government unless it has an expectation of continued re-election. The motive for change is more likely to be political rather than financial and little or no opportunity has been given for discussion of a change of political philosophy.

If the rumoured changes are implemented, with the stated intention that a Labour Government will reverse matters we shall face a significant period of uncertainty in which companies will do little or nothing to amend occupational schemes. The consequence of this will result in yet more people going into retirement with inadequate incomes and the basic objective being delayed.

Malcolm Ballisat.
*25, Hillgate Street, W8.*

## Reuters world service

*From Mr J. Fenby.*

Sir,—In his review of a new book on Reuters (May 11), Joe Rogaly dismisses as "sheer nonsense" the authors' assertion that competition from American and French news agencies squeezed Reuters' rates for media clients to levels far below those it could charge business customers for specialised news services. The book's authors may not have expressed themselves too clearly, but would that they were wrong and Mr Rogaly right.

Any analysis of what the media pay news agencies worldwide shows the virtual impossibility of running general news services at a profit. A prime reason for this is the way in which the four major agencies have long accepted unrealistic subscription rates outside their home countries. As predominantly domestic news organisations, the American and French agencies felt, after 1945, that they could accept unremunerative rates abroad in the interests of expanding their subscriber numbers. Their owners, or, in the case of France, the French Government, covered the loss and gained, in return, the reflected glory of being behind great international news organisations.

With no comparable bankroller, Reuters suffered from what amounted, at times, to dumping by its competitors. Then it gained a financial cushion from the growth of non-media services sold to clients who would pay proper rates both because Reuters was in a monopoly position and because they could use Reuters' financial and commodity news to make far more money for themselves than the subscriptions cost.

Jonathan Fenby.
*(Editor, Reuters World Service 1974-1977),*
*Ubierstrasse 17,*
*5300 Bonn.*

## Travelling by rail

*From Mr A. Bond*

Sir,—My fellow first class travellers on the Master Cutler are a privileged group. Several, being British Rail mandarins, do not have tickets but show the guard a silver or gold fob attached to them by a chain. I no longer tell them what I am paying for my ticket as I find it spoils their journey. Most of the others are on expenses, so their employers pay, after tax, a fraction of what I have to earn to buy my ticket.

In order to encourage these expense account travellers to take an even larger subsidy from the tax payer, BR recently introduced incentives in the form of a free holiday for businessmen who spend £600, in other words £300 after set-off for taxation. For some reason the Inland Revenue thought there was a personal benefit and to avoid any of its expense account customers being inconvenienced or identified by the Inland Revenue, BR paid their tax bill.

Perhaps to pay for all this the new simplified fares were introduced on May 12. This ensures that taxpayers travelling every weekend to and from London and buying their own tickets now have to pay even more, in my case another £1,000 a year if I continue to travel first class, or another £250 if I transfer to second class. For a comparable journey to mine, a second class passenger will now pay another £550 a year. He could of course travel in the evening or go by coach for less.

The irony is, the greater the success of BR in attracting expense account travellers to the detriment of passengers paying out of taxed income, the greater the overall loss to the state. Surely the Government should make first class rail travel disallowable for tax purposes.

A. W. Bond.
*29 Rothesay Court, Harleyford Street, SE11.*

## Plenty of people willing to let accommodation

*From the Chairman, Small Landlords Association.*

Sir,—Contrary to popular opinion, there are still plenty of people willing to let and relet accommodation at realistic rents on reasonable terms. But not on Rent Act terms.

Why? Because Rent Act protection does not merely shift the landlord from an acceptable position to something slightly less satisfactory. The non-resident landlord descends into the bottomless pit of a fully protected tenancy in which his rent is reduced to uneconomic levels under an irrevocable contract which contains a continuing liability to carry out repairs regardless of cost. Between a half and two-thirds is sliced off the value of the landlord's property (his savings) on top of which relations with his tenant almost invariably become strained.

The resident landlord has been in a better position since the 1980 Housing Act gave him rights to quicker repossession, although many are still deterred by the fact that in the ultimate ... they can be forced to the County Court in order to regain possession. The Labour Party, however, proposes to reintroduce the position that prevailed before the 1980 Act whereby the tenants of resident landlords could be given extensions of security of up to six months at a time. It also proposes that in certain cases tenants of resident landlords should have indefinite security of tenure. The Labour Party should take note of the recent statement by the Law Commission that the resident landlord will generally be unwilling to make surplus accommodation in his own home available for letting unless he can be sure that the tenant will always be a person of his own choice.

Everyone concerned should also take note of the fact that private landlordism is capital intensive. To achieve a turnover of £10,000 per annum requires perhaps £1,000 of capital from a self-employed builder; £10,000 of capital in heavy engineering; but over £100,000 of a landlord's capital at market rents and over £300,000 at "fair" rents.

Is it reasonable to expect that when private landlords let and relet they should imperil such large capital sums to the tender mercies of the Rent Act, legal interpretations and the whims of the Labour Party and also tie themselves indefinitely, in a business involving personal service, to someone who is a stranger and to that stranger's children and grandchildren.

Tenants do have legitimate interests which must be respected. But so do landlords. Up to now, landlord/tenant legislation has been framed on the basis that the perceived interests of the tenant are paramount.

The way to promote new lets is to introduce a new regime which is simple and certain and fair to both sides, coupled with a guarantee of appropriate financial redress if the Labour Party implements its threats to expropriate the property of the bona fide non-resident landlord.

Geoffrey Cutting.
*c/o 7 Rosedene Avenue, SW16.*

## BUILDING SOCIETY RATES

| | Share | Sub'pn | Others | |
|---|---|---|---|---|
| Abbey National | 8.25 | 9.25 | 9.52 | Seven-day account |
| | | | 10.25 | Higher interest acc. 90 days' notice or charge |
| | | | 7.00-9.52 | Cheque-Save |
| | | | 10.00 | High Interest Cheque-Save |
| Aid to Thrift | 9.60 | — | — | Easy withdrawal, no penalty |
| Alliance | 8.25 | 9.25 | 10.00 | BankSave. Balance of £2,500. Current account. Bal. under £2,500. 9.00. Min. initial inv. £500 |
| | | | 10.00 | Gold account. Minimum invest. £500. Imm. wdl. |
| Anglia | 8.25 | 9.25 | 9.75 | Instant Gold. Annual int. No notice or penalty |
| | | | 10.25 | 3 yr. Bond. 90 days' not./pen. Diff. guaranteed |
| | | | 10.75 | Capital Plus £10,000+. Ann. Int. 90 dys.' nt./pn. |
| Barnsley | 8.25 | 10.00 | 10.50 | 2-year termshare—3 months' notice |
| | | | 10.10 | Spec. inv. 128 dys.' not., 10.10 Mthly. inc. a/c |
| Bradford and Bingley | 8.25 | 9.25 | 10.00 | Premium access. On demand, no pen. £1,000+ |
| | | | 10.75 | High interest. 3 months' notice or 90-day pen. |
| Bristol and West | 8.25 | 9.25 | 9.50 | Plus a/c £1,000+. No notice. No penalty |
| | | | 10.25 | £20,000+, 10.00 £5,000+, 9.75 £1,000+, 7-day notice Triple Bonus. Also Monthly Income |
| Britannia | 8.25 | 9.25 | 10.30 | 28 days' notice £10,000+ |
| Cardiff | 9.75 | 9.85 | 10.25 | 90 days' not. Penalty if balance under £10,000 |
| Catholic | 8.55 | 9.55 | 10.05 | Extra share. £5,001+ 10.30. 30 days' notice |
| Century (Edinburgh) | 8.85 | — | 9.30 | Guaranteed rate 2/3 yrs. (or variable account) |
| Chelsea | 8.25 | 9.25 | 10.85 | Immed. withdwl. int. pen. or 3 months' notice |
| Cheltenham and Gloucester | — | 9.25 | 10.25 | Gold. No notice. No penalties. £500+, 10.25. Mthly. int. £5,000+. 10.25 when mth. int. added |
| Citizens Regency | 8.25 | 9.75 | 10.00 | 7 days, 10.00 1 month, 10.25 3 months |
| City of London (The) | 8.50 | 9.75 | 10.25 | 3 months' notice—no penalty—monthly income |
| | | | 9.95 | 7 days' not. im. access for amounts over £5,000 |
| Coventry | 8.25 | 9.50 | 10.50 | 2-year bond £1,000+, close 90 days' notice and penalty, monthly inc. opt., guaranteed 2.25 diff. Moneymaker inst. acc. no pen. 10.30 £20,000+, 10.05 £5,000+, 9.75 £1,000+ monthly inc. opt. |
| Derbyshire | 8.25 | 9.50 | 10.50 | 2 y., 3 m. not., up to 10,000. No not. No pen. |
| Gateway | 8.25 | 9.25 | 10.03 | Gold star £1,000+. No notice. No penalties. Monthly int. £5,000+. 10.50 if added to account |
| Greenwich | 8.25 | — | 10.25 | 90-day account (no notice account 9.50-10.00) |
| Guardian | 8.50 | — | 10.60 | 6 m. not. (£1,000 min.) easy acc. bal. £10,000+ |
| Halifax | 8.25 | 9.25 | 9.75 | Instant Xtra. Immediate withdrawal no penalty |
| | | | 10.00 | 90-day Xtra. 90 days' notice, no penalty |
| | | | 10.25 | Prem. Xtra (£10,000 min.) g'td 2pc diff. 3 yrs. |
| Heart of England | 8.25 | 9.50 | 10.00 | 90-day notice. 9.50 5-day notice. 10.75 1 yr. Bond |
| Hemel Hempstead | 8.25 | 9.75 | 10.50 | 90 days. 10.25 60 days. 10.00 28 days |
| Hendon | 9.35 | — | 10.10 | 7-day account. Minimum £500 |
| Hinckley and Rugby | 8.25 | 11.55 | 10.80 | 1 yr. certain min. £500 mthly. income £5,000 |
| Lambeth | 8.40 | 9.50 | 9.90 | 7-d. a/c, 10.60 Magnum a/c 6 wks.+loss of int. |
| Leamington Spa | 8.35 | — | 10.00 | Spa mthly. income, no not., no pen. £5,000 min. |
| | | | 10.50 | High flyer, no notice, no penalty, £10,000 min. |
| | | | 10.40 | Supershare, no not., 14 days' pen. £2,000 min. |
| | | | 10.80 | Super Share, no not. 14 days' pen. £10,000 min. |
| Leeds and Holbeck | 8.25 | 10.00 | 10.75 | Monthly int., 10.25 28 days' not., 10.50 90 days' not. or pen., neither if £10,000 still in account |
| Leeds Permanent | 8.25 | 9.25 | 10.75 | Ltd. Edition £10,000 3 m. not. or 90-day pen. |
| | | | 10.00 | HRAS 3 m. not., 9.75 Liq. Gold no not./pen. |
| Leicester | 8.25 | 9.25 | 9.60 | £500+ im. wdl. no pn. 10.75 £10,000+ min. 1 yr. 10.25 £2,000+ min. 1 yr. |
| London Permanent | 8.75 | — | 10.25 | 60 d. not. or imm. wdl. no pen. if bal. £7,500+ |
| Midshires | 8.25 | — | 10.50 | 2 yr. term. 2.25% diff. guaranteed. 3 m. notice or pen. |
| Mornington | 9.80 | 8.25 | 9.80 | £2K, 10.00 £2K+, 10.10 £10K+, 10.25 £20K+ |
| National Counties | †8.55 | 9.80 | 10.55 | 90 days' notice, no penalty. † £1,000+ |
| National and Provincial | 8.25 | 9.25 | 10.50 | APEX (+2.25pc gtd. 3 yrs.) im. wdl. 60 d. pen. |
| | | | 10.00 | 90 days' notice/pen. unless bal. stays £10,000+ |
| | | | 9.75 | 28 days' notice/pen. unless bal. stays £1,000+ |
| Nationwide | 8.25 | 9.25 | 10.25 | Capital bonds, 3 yrs., 90 days' notice/penalty |
| | | | 10.00 | Bonus-90, 90 days' notice/penalty |
| | | | 9.75 | Double bonus, minimum £500, no notice/pen. |
| Newcastle | 8.25 | 9.50 | 10.05 | 60 days' notice; 9.75 7 days' notice. On demand by arrangement |
| Northern Rock | 8.25 | 9.50 | 10.25 | Moneyspinner plus £20,000 or more, inst access |
| | | | 10.00 | Moneyspinner plus £5,000 or more, inst access |
| | | | 9.75 | Moneyspinner plus £500 or more, instant access |
| Norwich | 8.25 | 9.50 | 9.80 | 7-d. share/monthly inc. opt. 10.00 on £10,000+ |
| Peckham | 8.90 | — | 9.90/10.40 | Imm. wdl. if over £2,000. Monthly income |
| Peterborough | 8.25 | 9.55 | 10.85 | pa "85" Shrs.—85 ds. not.—min. int. inv. £5,000 |
| Portman | 8.25 | 10.50 | *9.85 | Flexi-plus, £500+ instant access, no penalty |
| | | | *10.25 | Pm. £500+ 2 m. not., no pn. *Mthly. inc. £2,000 |
| Portsmouth | 8.40 | 9.90 | 11.00 | 5-year, 10.55 3-year, 10.35 90-day, 10.10 30-day |
| Property Owners | 8.75 | 10.25 | 10.55 | 3 mths., 10.25 6 mths., 10.10 28 d., 10.00 im. ac. |
| Scarborough | 8.25 | 9.50 | 10.25 | 2-yr. limited share, 1.75 guaranteed differential |
| Skipton | 8.25 | 9.50 | 10.35 | Sovereign £10,000+ instant access—no penalty |
| | | | 10.00 | Svrgn. £500-£9,999 mthly. inc.—min. inv. £2,500 |
| Stroud | 8.25 | 9.50 | 11.00 | 2-year term. Notice accounts with monthly income option 10.50 90-day, 10.25 28-day |
| Sussex County | 8.25 | 9.70 | 9.90 | Sussex High, 10.30 90-day, 10.50 mthly. income |
| Thrift | 8.50 | — | 9.50 | 3-year term. Other accounts available |
| Town and Country | 8.25 | — | 10.50-7.00 | Moneywise chq./Visa. Int. varies w. balance |
| | | | 10.50 | 3-year term mly. inc. on £1,000+. Wdl. avail. |
| | | | 9.75 | Supershare. Imm. wdl. No pen. min. inv. £500 |
| Wessex | 10.10 | — | — | No notice—no penalties—minimum £1 |
| Woolwich | 8.25 | — | 9.75 | Prime—no notice, no penalty, minimum £500 |
| | | | 9.75 | Monthly income shares, 28 days' notice |
| | | | 10.25 | Capital, 90 days' notice/penalty |
| Yorkshire | 8.25 | 9.25 | 10.15 | Diamond key, 28 days' notice or 28 days' pen. |

All these % rates are after basic rate tax liability has been settled on behalf of the investor.

# UK COMPANY NEWS

## Feb Intl. suffers setback in second half

A SETBACK in the second half has cut the profit of Feb International from £1.08m to £740,000 for the whole of 1984. Reorganisation to meet current market conditions is being carried out, and the directors expect benefits to come through in the second half of 1985.

The group is engaged in the manufacture and distribution of chemicals, and the wholesale and retail distribution of building and plumbing materials.

At the midway stage the profits had risen by £52,000 to £457,000, with improvements in the chemicals division offsetting a reduction on the trading side. The directors were looking forward to reporting satisfactory results for the year, but market difficulties were encountered towards the end.

Sales for 1984 advanced from £25.76m to £28.45m but the operating profit fell from £1.74m to £1.44m principally because of results in the trading division. The charge for depreciation and amortisation was £495,000 (£427,000) and for interest £201,000 (£235,000).

Tax takes £200,000 (£477,000) to leave the net profit at £540,000 (£599,000) for earnings of 7.89p (8.76p) per share. The dividend is raised from 2.64p to 2.9p net. The final is 2.0185p and waivers have been received in respect of 800,000 shares.

Market difficulties have continued into the early part of the current year. But the directors believe that action taken to reorganise will be effective.

## Tomkins seeks £12m for expansion

BY STEFAN WAGSTYL

TO MAKE room for further expansion, F. H. Tomkins, a West Midlands engineering company, is raising £11.7m with a two-for-seven rights issue.

The company has been transformed by acquisition in the past two years, and Mr Greg Hutchings, the chief executive, who formerly worked for Hanson Trust, said that more takeovers would be on the way.

"Our principle aim is becoming a broadly-based industrial company," he said.

Since Mr Hutchings' arrival in 1982, Tomkins has bought Ferraris Piston Service, a motor parts distributor, for £2.2m and Hayters, a USM-quoted grass cutting machinery maker, for £4m.

Mr Hutchings indicated that the next acquisition could be substantially larger, possibly worth £10m to £20m.

The City reacted yesterday by marking up the company's shares 9p to 184p. The new shares are offered at 150p.

Tomkins also estimated that pre-tax profits for the year ended May 4 would be over £3.5m (£2.37m) and earnings per share would be 8p (6.124p).

A final dividend of 1.475p is to be paid for the year (1.165p), making 2.25p (1.8p).

The company's aim is to keep earnings per share growing at about 30 per cent a year, and dividends at 25 per cent.

While it is too early to comment on the current year, the directors have increasing confidence in the group's prospects.

They believe that additional new capital is essential to ensure that the group has the financial strength to exploit acquisition opportunities.

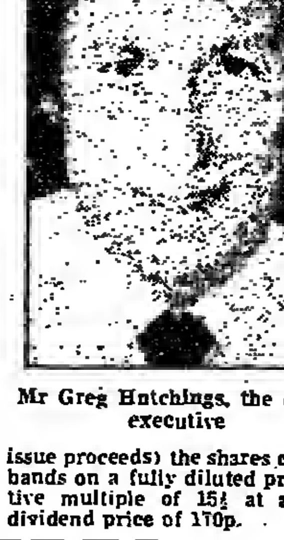
Mr Hutchings said the company was looking at a number of potential purchases, both quoted and unquoted, at any one time. The company had over £1m invested in quoted companies.

Mr Hutchings, the largest single shareholder, will be taking up his rights entitlement only in part. As a result, his stake will fall from the present 7½ per cent.

The issue has been underwritten by County Bank and the broker is Simon and Coates.

### ● comment

The City has little doubt about the worth of F. H. Tomkins under Mr Greg Hutchings. News that the company is replenishing its coffers for more acquisitions sent the shares up 8p to 184p where they trade on an imposing historic multiple of 23 times, not bad for a maker of nuts and bolts lawnmowers. Of course, it is Mr Hutchings presence which draws the premium rating—but so far he has disappointed no-one, keeping firmly to his plans of buying unfashionable companies in unpromising industries and galvanising their managements into action. It is clear that he is now on the prowl for a big buy: such a purchase would involve greater risks but could also bring the kind of rewards Mr Hutchings' mentors at Hanson Trust would be proud of. With the existing businesses running smoothly and net cash and investments in the balance sheet, Tomkins is better placed than most for a forward leap. Assuming full-year profits of £5m (including net interest on the issue proceeds) the shares change bands on a fully diluted prospective multiple of 15½ at an ex-dividend price of 170p.



Mr Greg Hutchings, the chief executive

## Ruberoid subsidiary facing £8m writ

By Alexander Nicoll

Canadian Pacific Bulkships plans on Monday to serve a writ seeking £8m from Camrex, a marine and industrial paintmaker acquired in 1983 by Ruberoid, the building products, contracting and paper group.

Canadian Pacific, which alleges that defective coating work was done on four chemical/products tankers in 1979, won an £11m award from an arbitrator in March this year. But the company against which the award was made, Camrex (Nominees), was put into liquidation shortly afterwards.

Canadian Pacific is therefore pursuing its parent, Camrex. Mr Fred Fieldwood, operating general manager of Canadian Pacific Bulkships, said yesterday that the total being sought represented the amount of the award less £3m of available insurance payout.

No Ruberoid director was available to comment yesterday.

Ruberoid's annual report for 1984, published in April, said Camrex (Nominees) had assets of £22 and that Camrex had net assets of £1,729,000.

The statement in the report by Mr Thomas Kenny, Ruberoid chairman, refrred to the claim as a "lawyers' bran tub." "We, Ruberoid, are not prepared to pay or shoulder in any way claims against Camrex of which we had no knowledge and which relate to the period before our ownership," he said.

Ruberoid is seeking £8.9m from Ernst & Whinney, formerly accountants to Camrex, which has had trading losses totalling £1.68m since Ruberoid acquired it for £6m in June 1983. Ernst & Whinney is contesting the suit.

Ruberoid shares fell 8p to 202p yesterday.

## Duport cuts losses and 150 jobs to go in offshoot closure

BY NIGEL CLARK

Duport is to close its loss-making kitchen furniture subsidiary, Grovewood Products in the summer with the loss of 150 jobs. An agreement has been reached with Qualcast (Fleetway), the kitchen furniture offshoot of Birmid Qualcast to sell stocks, work in progress and finished goods for what is believed to be a seven-figure sum.

Qualcast will also be paying royalties for the use of Grovewood trade marks and designs for three years.

Grovewood's factory at Tipton, Staffordshire will close on August 9.

Mr Jack Russell, chairman of Duport, said yesterday that Grovewood had been losing money for some time and losses totalled more than £1m. Although action had been taken to ease the problems, when the company saw a good opportunity it was decided to take it. Talks had been going on with Birmid Qualcast for some time, but only finalised yesterday.

Mr Russell could not put an exact figure on the price being paid as this depended on valuations of stocks of materials and products in the time up to the closure. There would be an initial payment of £290,000 and the other payments were expected to take the price above £1m.

He added that the royalty payments would provide a useful contribution to profits in the next three years.

The 150 Grovewood employees will be offered jobs with the group's other companies in the area, if any vacancies arise. However Mr Russell was not optimistic about the possibilities of many finding jobs.

"I am afraid it is another 150 jobs lost in the West Midlands," he said.

He blamed the change in kitchen furniture distribution for Grovewood's problems.

"Traditionally kitchen furniture has been sold through builders' merchants and this was the market which Grovewood supplied. In recent years the balance has shifted to retail distributors but we stayed with the builders merchants," he said.

Qualcast (Fleetway) has been performing well. In the year to November 3 1984 it had record results, showing an increase in sales and earnings on the previous year, which had seen a rapid advance.

In the year to the end of January 1985, Duport's furniture division, which includes Grovewood, went into the red by £605,000. Despite that the group announced increased pre-tax profits of £2.45m, up from £2.13m.

## Synterials starts to break even

Synterials reduced its operating losses in the six months to end-March 1985 and the directors say that a breakeven situation has now been reached.

The loss of £335,000 was down from the £860,000 incurred in the preceding ten months, and after interest receivable there was a taxable profit of £528,000 against a loss of £29,000.

This is in line with the forecast made in last year's annual report.

Synterials, which produces industrial components from synthetic materials, says that following the acquisition of Ramix in March the company is effectively breaking even.

"Further improvements will be achieved when the rationalisation is complete and the cost advantages are gained," the directors state.

Due to the changes in the pattern of trading on the acquisition the board is considering changing Synterials' year-end to December 31 — this would extend the current period to 15 months.

Tax payable for the first six months was £97,000 (£55,000 for ten months), but this could be increased to £230,000 if Synterials BV, the Dutch subsidiary, was found not to be resident in the UK.

Attributable profits amounted to £431,000 (loss £84,000) and earnings per share was 0.23p (loss 0.04p). There is still no dividend from this USM stock.

## Difficult trading at Radio Clyde

Radio Clyde, the Glasgow-based commercial radio station, yesterday reported a near 47 per cent fall in interim profits and the board feels that a rationalisation of the industry is necessary.

The taxable result, down from £354,000 to £189,000, "has been earned during the most difficult period for the independent local radio industry as a whole since local radio started in 1973," state the directors.

They point out that many local radio stations have been less fortunate, and welcome the IBA's decision to allow mergers and acquisitions of independent local radio stations by other contractors.

"Radio Clyde is ready to play a pivotal role in any industry rationalisation," they say. And at the same time the company is taking steps to increase the level of contribution to profits from activities which are not dependent on levels of radio advertising.

"This is designed to lessen the impact of advertising revenue fluctuations on Radio Clyde's profits, thus broadening the base of its earnings."

Turnover for the interim period March 31 1985 was down from £2.63m to £2.12m and "trading conditions for independent radio as a whole continue to be difficult."

Profits, which were considered by the board to be better than might have been expected in the light of the drop in the general level of broadcasting advertising expenditure, were struck after an assumed liability to IBA secondary rental and exchequer levy.

The interim dividend is being held at 1.5p per share with earnings down at 1.91p against 3.28p after tax of £80,000 (£168,000). The company is a USM stock.

## Reliant loss blamed on SS1

THE MINERS' strike and the launch costs of its new sports car have been blamed by Reliant Motor for a pre-tax loss in the first half to the end of March 1985, of £598,000.

However, it is anticipated that in the second half the Tamworth-based company will be trading profitably again.

In the previous year the company made a loss in the first six months of £25,000 but ended the year showing a profit of £66,000.

This year's first half loss was incurred on turnover down from £7.09m to £6.27m, giving a loss per share of 10.8p (loss 0.5p).

The sales launch of the Scimitar SS1 sports car resulted in a great deal of expenditure without any corresponding income. The company is now over that and producing 40 cars a week.

Mr John Nash, the chairman, says he is confident the SS1 will be a major feature in the company's performance in the next few years. More than £1m had been invested and it is intended to build about 800 in the first year.

Sales of the Rialto three-wheeler were said to have been hit by the miners' strike. Demand had increased recently but it was too early to say whether the downward trend had been reversed.

Sales to the company's most important overseas market, India, have fallen well below those last year and future demand remains uncertain.

However the company has been chosen to assemble the Ford RS2000 rally car. It says that this will provide a welcome additional workload in the second half.

The shares closed 7p down at 52p.

## Thomson T-Line still relying on bank support

By John Shepherd

THOMSON T-LINE, the timber merchant which last made a taxable profit in 1976, has again had its annual report and accounts qualified by chartered accountants, Arthur Young.

"The accounts have been prepared on a going concern basis, which is dependent on the continued support of the group's bankers," says the auditors.

At the end of 1984, Thomson's bank overdraft stood at £1.32m which, after adding back cash and short term deposits, exceeded the group's shareholders funds of £912,070. The group's principal bank is Clydesdale Bank.

The profit and loss account element of the funds showed an increased deficit of £841,990 compared with £721,461 a year previous. Working capital decreased by £137,828.

Thomson, which was unsuccessful in its attempts to find a suitor five years ago, has been trying to sell some of its properties.

"In most instances the proposed purchasers have failed to overcome the planning approval hurdle and all efforts have been wasted," says Mr David Thomson, the chairman.

However, he says "we are negotiating on two of our properties and our hopes are high."

The annual meeting will be held on June 5, at noon, at the Park Hotel, Falkirk.

## Rosehaugh ahead half way despite increased costs

DESPITE INCREASED operating and interest costs, pre-tax profits of Rosehaugh improved from £1.19m to £1.26m for the first half to end-1984.

Turnover for this investment holding company, which has interests in property development and trading, rose by £5.16m to £14.03m, generating a gross profit of £3.32m (£2.46m), including dividends and interest from listed investments of £5,000 (£51,000).

As usual there is no interim dividend. Last year's final of 3.36p was paid on profits of £3.4m. Stated interim earnings per £1 share fell from 11.8p to 9.8p net.

The increased operating costs from additional staffing and administrative facilities, amounting to a higher £1.09m (£761,000), were essential for continued growth within the group, the directors say.

Interest and similar charges, less interest received and similar income, rose to £966,000 (£504,000).

After tax of £539,000 (£325,000), net profits emerged lower at £718,000 (£865,000).

Certain group investments have now reached the stage where their revaluation in the accounts is appropriate, the directors say, and these will be included for the full year to end-June 1985. At that time the balance sheet will begin to reflect "the rewards of the board's pursuit of asset growth over recent years."

These revaluations will include 1 Finsbury Avenue and the interests in Woolworth Holdings representing the right to acquire 2.65m shares in that company at £1.50 each compared with the middle market price of the shares on May 15 1985 of £3.15.

Through the associated company, Rosehaugh Stanhope Developments, the company recently concluded an agreement with British Railways board for a major redevelopment at London's Liverpool Street and Broad Street stations.

The six phase development, to be known as Broadgate, will provide approximately 1.1m sq ft of offices together with community facilities, shopping and restaurants.

Negotiations are at an advanced stage for the pre-letting and provision of medium-term bank finance for the development of phases one and two which will provide approximately 450,000 sq ft of accommodation. Demolition work relating to these phases has recently started.

British Rail will receive in respect of the site of each phase drawn down by Rosehaugh Stanhope an initial purchase price payable in instalments and further deferred consideration following development of each phase.

The aggregate of the initial purchase prices for the sites of all six phases is £75m, of which £77.3m relates to the sites of phases one and two. The deferred consideration for each phase will be equal to a percentage of the excess of the investment value or sale proceeds of the phase over its total cost.

The association, Rosehaugh Greycoat Estates which, with its parent company, Rosehaugh Greycoat Estates Holdings, is carrying out an office development of approximately 500,00 sq ft in a site at Finsbury Avenue, EC2, adjoining the Broadgate development, has completed the office letting at 1 Finsbury Avenue, the first phase.

Shearwater Property Holdings, in which the group has a 75 per cent interest has, together with J. Hepworth and Son formed a joint property development company known as Shearwater Estates which is owned equally by Shearwater and Hepworth.

## Cadbury warms to more Australian tea

Cadbury Schweppes has reached agreement to buy Tuckfield Teas, which has approximately 10 per cent of the Australian tea market, from the UK-based Caledonian Produce. The cost of the deal was not disclosed.

Cadbury, whose existing tea interests include the Typhoo brand, said the agreement to purchase was subject to the approval of Australia's Foreign Investment Review Board.

Cadbury has a major presence in the Australian food and drinks market, with 1984 sales of £260m and profits of £25m.

Last week, Cadbury announced that it had reached agreement to buy Sodastream, the Peterborough-based carbonated soft drink machine business, for £26m.

## Yorklyde ahead

Pre-tax profits at Yorklyde, cloth and rug manufacturer, improved from £1.27m to £1.84m in the year to January 31 1985. The final dividend is raised from an adjusted 3.5p to 3.75p net for an increased total of 6p compared with 5p, adjusted for scrip and share split. Stated earnings per 10p share improved from 16.3p to 23.8p.

Turnover rose from £4.85m to 6.22m. Tax for the year was up from £509,000 to £720,000.

## FTI disposals

Forward Technology Industries has completed its disposal programme and the chairman is confident that the continuing businesses provide a "solid basis" for growth.

The annual meeting was informed that two subsidiaries were sold on May 13 and Hortran was disposed of on May 16. Mr H. Prevezer, the chairman, said the effect would be to reduce borrowings by £5.7m and increase tangible assets (net of goodwill) by £1.1m.

But based on 1984 figures group profits remain virtually unchanged aincep rofits of the companies sold would be replaced by bank interest receivable on the proceeds.

## Virani in forgings

Virani Group (UK), the privately-owned hotel, property and leisure group headed by Mr Nazmu Virani, has taken an 8.3 per cent stake in Woodhouse & Rixson (Holdings), a Sheffield-based manufacturer of forgings.

Woodhouse returned to profit in 1984 making £262,000 pre-tax on turnover of £8.99m after recording a loss of £444,000 in 1983 on turnover of £8.61m. The company has been selling loss-making businesses and cutting overheads.

In April 1984, the company abandoned a plan to merge its ferrous ring rolled products business with those of Inco Alloy Products and British Steel Corporation because of continued depressed markets in the sector.

Woodhouse's shares eased ½p yesterday to 30½p.

## MJI/Leigh

At an EGM of MJI Corporation held yesterday, resolutions to approve the sale of MJI's waste disposal business to Shanks and McEwan were defeated.

The offer on behalf of Leigh Interests for the capital of MJI is therefore declared unconditional in all respects.

Acceptances have been received in respect of 18,258,247 ordinary (81.5 per cent).

The offer will remain open.

## Taddale changes strategy as net loss exceeds £4m

Taddale Investments, a small industrial holding company, has announced net losses of £4.46m for the year to April 30 1985, the resignation of its deputy chairman and founder Mr Michael Carlton, and a sharp change in strategy.

In the year to April, Taddale suffered a pre-tax loss of £2.03m compared with the previous year's profit of £2.04m. There was a further £2.43m of extraordinary items, leading to a net £4.46m loss. There is no dividend.

Taddale, which is traded on the over-the-counter market by Harvard Securities, acquired a controlling interest in Prince of Wales Hotels through a bid early last year. It sold that stake last month to institutional investors and the U.S. hotels group, Quality Inns.

An earlier deal, to sell the stake to Comfort Hotels, fell through when Comfort became a bid target and was eventually taken over by Ladbroke.

Sir Monty Finniston, Taddale's non-executive chairman, says in a letter to shareholders that although a profit was achieved on the share sale, interest charges for holding the investment during the year resulted in an overall loss of some £460,000.

He added that after a thorough review of the group's activities, the board had decided to concentrate on its profitable trading subsidiaries and cease all "speculative dealings in assets."

The trading companies which will form the basis of the continuing group, made an operating profit of £1.18m last year. This was more than offset by losses of £1.15m from discontinued operations and £2.06m of interest charges. The extraordinary charges include provision of £1.87m to following the writing down of the values of certain properties which are being sold, and £240,000 for the cost of closing the company's London office and the termination of dealing activities.

Sir Monty said the group had also recently sold, at a loss of £260,000, its interests in Ellesmere Port Properties or contracted disposals.

Taking into account all other planned or concentrated disposals, total borrowings should fall from a peak of about £26m to about £3.5m. Estimated net assets will total about £3.83m.

The group expected a substantial increase in trading profits this year from remaining businesses.

## de Savary hoists Lincroft stake

Mr Peter de Savary, the financier and yachtsman, has increased his holding in Lincroft Kilgour, the Savile Row tailor and investment company, from 8.6 to 15.8 per cent.

The most recent purchase was from Cedco Holdings, a Bermuda company run by Mr Jeffrey Steiner, a U.S. arbitrageur, which now holds 16.6 per cent. A further 14.9 per cent is held by Skylark, a Panama-registered company run by Mr Michael Stevens, a British investor.

Lincroft said yesterday that the Takeover Panel was satisfied that none of the three major shareholders were acting in concert.

The shares gained 13p yesterday to 170p.

## Cosalt shares

Mr Bruce Rappaport, the international financier, and Mr Kerry Packer, the Australian television magnate, have emerged as shareholders in Cosalt, the Grimsby-based ship chandlers.

Cosalt disclosed yesterday that its chairman, Mr E. A. Brian, had sold a 9.9 per cent stake in the company to Intermaritime Chandlers, a company controlled 52 per cent by Mr Rappaport and 48 per cent by Mr Packer. Mr Brian retains a 3.2 per cent holding.

## COMPANY NEWS IN BRIEF

By the end of March 1985 the net asset value at Murray Technology Investment had fallen to 133.5p.

At the end of September 1984 it had shown a rise to 140.18p from the 139.1p of six months earlier.

After much heavior tax, earnings per share fo rthe year ended Mrach 31 1985 are down from 0.63p to 0.57p, and the dividend is cut from 0.6p to 0.5p net.

In the year dividends and interest came to £477,000 (£476,000) and pre-tax revenua was £131,000 (£114,00). Tax required nearly £46,000 (£19,000). Cost of dividend is £75,000 (£90,000).

Taking investments at valuation, those listed comprised 6.3 (9) per cent in North America, and 7.1 (4.9) per cent in the UK, while the unlisted showed in North America 27.9 (33.2) per cent and restricted listing 27 27.6 (15.6) per cent, UK 25.1 (29.4) per cent, Danmark (nil) (1.1) per cent and Switzerland 0.1 (0.1) per cent. Government bonds and net cash equalled 5.7 (6.7) per cent.

* * *

With earnings por share rising from 0.88p to 1.1p in the year ended March 31, 1985, the Asset Special Situations Trust is lifting its dividend from 0.88p to 0.96p net. The final is 0.5p.

At the year-end the net asset valuo was shown at 48p xd, compared with 40.6p at September 30, 1984, and 41.8p at the end of the previous March.

* * *

West Bromwich Spring has stayed in the black in 1984 and finished with a pre-tax profit of £7,000, compared with losses of £276,000 in the previous year and £214,000 in 1982.

At halfway it turned in a profit of £5,000, against a loss of £120,000.

However, allowing for tax £2,000 (credit £157,000) and the undeclared cumulative preference dividend, there is a loss per share of 1.05p (3.52p). The dividend was last paid on September 30 1982.

Turnover for the year was virtually unchanged at £3.91m (£3.99m). Interest charges took £51,000 (£52,000) and last time there was an exceptional debit of £60,000.

* * *

Net asset value of Tor Investment Trust was 677.9p per capital share nad 100.3p per income share at April 30 1985.

* * *

At April 30 1985 net asset value of the British Investment Trust was 459.9p after prior charges at par valne and 462.7p after such charges at market value.

* * *

Dealings have been suspended in the shares of Canada's Lac Minerals, Little Long Lac Gold Mines, Lake Shore Mines and Wright-Hargreaves Mines pending consideration of proposals for almalgamating the companies under the name of Lac Minerals.

The proposals are expected to be considered shortly by the directors of the respective companies an dterms of the merger have yet to be announced.

However, the principal assets of Little Long Lac, Lake Shore and Wright-Hargreaves consist of shareholdings in Lac Minerals so the amalgamation will be effected by way of a share exchange.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corre-sponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| Asset Special | 0.5 | — | 0.46 | 0.96 | 0.88 |
| Feb Intl. | 2.02 | June 19 | 1.84 | 2.9 | 2.64 |
| Murray Technology | 0.5 | Aug 23 | 0.6 | 0.5 | 0.6 |
| Yorklyde | 3.75 | July 11 | *3.5 | 6 | 5 |

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

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# Michelin provisions raise net deficit to FFr 2.24bn

BY DAVID MARSH IN PARIS

MICHELIN, the French tyre-maker, yesterday reported net consolidated losses of FFr 2.24bn ($238.3m) last year against FFr 2.14bn in 1983.

The slightly higher net loss, which follows a deficit of FFr 4.17bn in 1982, was due above all to heavy provisions of FFr 1.28bn, mainly linked to the social costs of large workforce cuts in France and the UK. Provisions in 1983 were only FFr 136m.

Michelin stressed that FFr 1bn of the provisions were non-recurring—restructuring costs. Completion of provision for labour reductions, as well as the cost-saving in wages, should cut total Michelin charges by roughly FFr 2bn this year, paring the way for a return to break-even, the company hopes.

The underlying improvement in the group's operating performance was measured by an increase in net cash flow to FFr 1.98bn (from FFr 651m in 1983. Group sales rose 9 per cent to FFr 43.2bn.

Financial charges came to FFr 3.35bn or 7.75 per cent of net turnover, against FFr 3.02bn or 7.82 per cent in 1983. Michelin at the end of last year concluded a FFr 4bn loan restructuring with French banks to shift the maturity of its total FFr 40bn debt more towards the longer term.

Michelin reported net losses of FFr 1.53bn against FFr 3.8m in 1983 at its main French operating subsidiary, Manufacture Francaise des Pneumatiques Michelin.

On a comparable basis — taking into account FFr 639m of charges last year in connection with job cuts, as well as exceptional gains of FFr 1.11bn in 1983—the Manufacture subsidiary last year cut losses to FFr 851m from FFr 1.11bn in 1983.

# Kemira in $100m U.S. takeover

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

KEMIRA, the Finnish state-owned chemicals group, is to buy the titanium dioxide plants of American Cyanamid in the U.S. in a deal worth around $100m: its third major international acquisition in less than 12-months.

The takeover will make Kemira the fifth largest producer of titanium dioxide, a pigment used in the plastics, paint and paper industries, with a world market share of around 7 per cent.

The American Cyanamid plants, located at Savannah, Georgia, have a capacity for producing 88,000 tonnes a year of titanium dioxide. The business has sales of some $135m and a workforce of 850.

In Finland, Kemira currently has a capacity for producing some 80,000 tonnes of titanium dioxide. Included in the U.S. purchase is a 250,000 tonnes a year sulphuric acid plant.

Earlier this year Kemira announced the takeover of Esso Chemie's nitrogen fertiliser operations in the Netherlands for around $90m. Last year it purchased Donald Macpherson, the UK paint manufacturer, for some £25m.

Kemira had a turnover last year of FM 4.3bn ($867m). In February it raised $100m through a floating rate note issue to help finance both domestic investments and foreign acquisitions. It plans to raise further capital abroad this autumn.

In the longer term Kemira is also aiming to raise equity capital abroad through probably a share issue by one of its foreign subsidiaries.

# Westpac Banking shows growth

BY MICHAEL THOMPSON-NOEL IN SYDNEY

WESTPAC BANKING Corporation scored a 29.2 per cent increase in interim net profit for the six months to March 31, to A$185.4m (U.S.$126.1m), and is paying an interim dividend of 13 cents per share (steady). After extraordinary items of A$10.2m, consolidated net profit for the half year was A$195.7m.

Westpac said that a comparison between the March 1985 and September 1984 half years was more appropriate than with March 1984. On that basis, the net profit gain was 14.( per cent.

Westpac is Australia's biggest bank and fourth biggest company, claiming 24 per cent of Australia's total banking business and 21 per cent of finance business. It owns 50 per cent of Ord Minnett, leading sharebroker.

Sir Noel Foley, chairman, said that partly as a result of deregulation, Westpac's Australian deposits grew by 8.9 per cent during the half year to A$19.8bn.

Offshore profitability had improved. There had been a steady contribution from Australian Guarantee Corporation (A$41.2m). There was also an improved performance by its merchant bank subsidiaries, Partnership Pacific, now fully owned, and Westpac Merchant Finance in New Zealand.

Despite a general opening up of the Australian banking and finance markets, Sir Noel said Westpac was well placed to meet challenges. Current profits should be maintained in the second half, he said.

Total net banking profit in the latest half was A$136.4m, up 16.6 per cent on September 1984.

There are now 502.1m ordinary A$1 fully-paid shares in issue. Earnings per share (based on average number of shares on issue) were 45.3 cents in the latest half, against 40.8 cents in the previous six months.

# Interest costs trim gains by C. G. Smith

By Jim Jones in Johannesburg

C. G. SMITH, the company which controls the consumer products interests of Barlow Rand, the South African mining and industrial group, increased its first half turnover by almost one third in the half-year ended March 31, 1985. But profits were affected by lower contributions from subsidiaries in the durables, packaging and pharmaceuticals sectors and from higher interest payments.

First-half turnover increased to R3.16bn ($1.6bn) from R2.44bn and the operating profit before interest and tax rose to R228.1m from R220.2m. A significantly higher interest bill led to a reduction in the first half's pre-tax profit to R182.5m from R194.3m.

Turnover totalled R5.06bn in the financial year ended September 30, 1985. Operating profit before interest and tax was R427.7m and pre-tax profit was R365.4m.

Worst affected of the operating subsidiaries was Romatex which manufactures textiles and floor coverings. Its first half turnover fell by 12 per cent and its contribution to taxed attributable profit was cut by three quarters.

Tiger Oats, the diversified food group substantially increased its profit contribution and benefited from higher interest income.

First-half earnings rose slightly to 131.2 cents a share from 128.9 cents and an unchanged interim dividend of 50 cents has been declared.

# Hutton sets up inquiry into bank cheque fraud

BY PAUL TAYLOR IN NEW YORK

E. F. HUTTON, the Wall Street securities house, yesterday named Mr Griffith Bell, a former U.S. Attorney-General, to head an independent inquiry to decide who should be held responsible for a bank cheque fraud scheme which has plunged Hutton into an embarrassing controversy.

Mr Robert Fomon, Hutton's chairman, announced Mr Bell's appointment at the firm's annual meeting. The move is widely seen as an attempt by Hutton to rebuild its battered image. Earlier this month Hutton's brokerage subsidiary pleaded guilty to 2,000 separate charges of mail and wire fraud and agreed to pay a $2m fine and $750,000 in costs.

In addition, Hutton has promised to refund $8m to about 400 banks which were victims of a scheme whereby the firm obtained the use of more than $1bn in interest-free funds by systematically overdrawing checking, or current accounts, at the banks between July 1980 and February 1982.

Hutton has faced mounting public pressure to name those responsible for the illegal "cheque kiting" scheme.

Mr Fomon, who has dominated Hutton for the past 15 years, said the independent inquiry was being undertaken to assure that all employees involved would be treated "fairly and as objectively as possible." The U.S. justice department said the scheme involved middle managers.

The Hutton chairman said Mr Griffiths' task would be to conduct a thorough review of the practices which led to the charges, determine how those practices had evolved, identify the individuals who bear personal responsibility, and recommend actions against them.

# LTV reshapes steel unit

DALLAS—LTV Corporation, the second largest U.S. steelmaker which also makes oilfield equipment and aerospace/defence products, is to restructure its LTV Steel unit into three separate operating entities.

The three units, each with its own president, will be know as LTV Steel Tubular Products, LTV Steel Specialty Products, and LTV Steel Flat Rolled and Bar.

Mr Raymond Hay, LTV's chairman, said the presidents of the three new units will be Mr Paul Wigton, Mr Claude Kronk and Mr Russell Maier.

The restructuring involves an indefinite idling of primary operations at LTV's Aliquippa steel works. The idling of the plant, Mr Hay said, will effect about 1,300 jobs and result in a charge of about $400m against second quarter earnings.

AP-DJ

# Carlsberg group buys Spanish beer stake

By Hilary Barnes in Copenhagen

UNITED BREWERIES, the Calsberg and Tuborg brewers, has taken a new step into southern Europe through the acquisition of a 60 per cent shareholding in Union Cervecera, the Spanish brewery.

"The acquisition of the Spanish group is another step in our efforts to gain a solid foothold in the wine-drinking countries, where beer has so far had a modest market share but is now increasing," said Mr Poul J. Svanholm, managing director. Spain's coming entry into the EEC was also a factor in the decision he said.

United Breweries will inject about DKr 200m ($18m) into the Spanish group in the form of capital, taking the group's capital to DKr 315m. The two major Spanish shareholders of Union Cervecera are Banco de Bilbao and Banco de Santander.

The company has been making losses in recent years, mainly as a result of high financial costs. United Breweries does not expect to make an immediate return on its investment.

Hitherto Carlsberg beer has been brewed on licence by another Spanish brewery, El Aguila. The licence will now be transferred to Union Cervecera.

# Restructuring boosts profits at Snia Fibre

By Alan Friedman in Milan

SNIA FIBRE, the man-made fibres subsidiary of the Snia BPD fibres, chemicals and munitions group, last year quintupled its net profits to L14.9bn ($7.6m). The sharp increase follows major restructuring and rationalisation of production at Snia Fibre.

The fibre company's 1984 turnover, at L739.9bn, up 21.3 per cent, represented roughly one third of the Snia BPD group revenues. Snia BPD last year almost trebled net profits to L50.8bn.

The group profit reflected a reduction of operating costs and a reduction in financial charges. The profit was struck on group turnover of L2,092bn, up 23 per cent year on year.

An important element in Snia BPD's 1984 performance was the reduction in financial charges, which represented 6.2 per cent of revenues, down from 8.2 per cent in 1983.

Defence and space accounted for 30 per cent of Snia BPD's total turnover last year, chemicals 14 per cent, textiles 16 per cent, fibres 34 per cent and other activities 6 per cent.

# Canadians and Japanese in LNG deal

TOKYO—One Japanese and four Canadian companies have set up a consortium to promote a liquefied natural gas (LNG) export project in western Canada.

Mr John Keehan, a vice-president of Mobil, told a Press conference here that the consortium, with 30 per cent ownership each for Mobil Oil Canada and Petro-Canada, 15 per cent each for Nissho Iwai and West Coast Transmission and 10 per cent for Suncor, would assess the viability of a project to produce and ship LNG to Japan.

The consortium plans to establish a permanent organisation by the end of this year to handle the project. The project calls on suppliers to export 2.35m tonnes of LNG a year to Japan over 20 years.

Reuter

# Sudan hitch may double Enasa losses

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE bloodless coup in Sudan has halted a major deal between that country and the state-owned Spanish truck producer, Enasa, and could double the company's 1984 losses to Pta 6 bn ($34m).

The problem comes at a sensitive time for Enasa because negotiations are going on which might lead to General Motors, the world's largest automotive group, acquiring a majority shareholding from the Spanish Government.

Enasa, which makes Pegaso trucks and vans, has signed a memorandum of understanding with GM, but this does not prevent the company talking to other interested parties.

According to Sr Federico Sotomayer, executive president, Toyota, the major Japanese vehicle producer, "is pressing hard," has a 20-strong team at Enasa's factories and has been given all available financial information.

The Spanish group's counter-trade deal with Sudan was for 1,000 military trucks. Now it has been halted Enasa might take the potential loss into its 1984 financial results, because under Spanish law it has until June to finalise its accounts.

Sr Sotomayer says that, without the impact of the Sudan deal, Enasa's loss for 1984 was about Pta 3bn. The company had hoped for a reduction on its 1983 loss of Pta 2.79bn, but the Spanish truck market failed to make the expected recovery.

He insists that Enasa will not need to go to the Government for aid to cover the losses, and suggests that there is every chance the Sudanese deal might be reactivated befor the end of 1985.

Enasa's vehicle output (including vans) this year should be about 12,000, against a little over 13,000 in 1984, says Sr Sotomayer.

The talks with GM — which owns the Bedford truck business in Britain, and distributes light commercials from its Japanese associate, Isuzu, in Europe — are "to explore possible further business relationships."

Sr Sotomayer maintains that the companies will probably have established the industrial logic of an association by the agreed date of June 30, but it might take another few months before a decision to move on to the next phase of negotiations is made.

Other Enasa executives suggest that because Enasa's parent, Instituto Nacional de Industria (INI) and the Spanish government is involved and because GM also takes time to grind out its decisions, the acquisition — should it come — might take another year.

Sr Sotomayer makes it clear that, though he has every admiration for the Japanese, Enasa would prefer GM as its future partner. The Spanish company was once before sold to a U.S. group, International Harvester, and, therefore, understands the way large American corporations work. IH pulled out in May, 1982 when its own financial problems emerged.

Enasa has since reduced its workforce by 3,000 to 8,600 and taken other measures to improve its competitiveness for the time when Spain joins the European Community next year.

Toyota has previously shown interest in acquiring a Spanish company and came very close to buying Seat, the state-controlled car maker, three years ago. Talks broke down because Toyota, cautious as ever, wanted to ship car kits to Spain for assembly in the initial phase, rather than immediately going for manufacture with a high local content.

The Spanish government has made it plain again in Enasa's case that it wants to ensure the company's engineering base remains intact and that military vehicle production, a major part of the company's output, is maintained. For this reason, the government wishes to keep a minority stake in Enasa.

Sr Sotomayer says that another Japanese company, Nissan, is also involved in the current discussions but is talking about co-operative arrangements between Enasa and its Spanish subsidiary, Motor Iberica. "This is not so attractive for us," he insists.

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# WORLD STOCK MARKETS

## WALL STREET

# Firm hopes of discount rate cut

FURTHER GAINS were scored on Wall Street yesterday, with investors hoping to see a cut in the Discount rate in the next few weeks.

By 1 pm the Dow Jones Industrial Average was up 4.30 at 1282.35, making a rise of 8.17 on the week, while the NYSE All Common index, at $108.03, rose 53 cents on the day and $1.39 on the week. The NYSE index and the Standard and Poor's 500-stock index moved above record closing levels set Thursday.

"Advances led declines by an eight-five ratio on a turnover rising 6.98m shares to 53.9 compared with 1 pm Thursday.

Marvin Katz, of Sanford C. Bernstein Co. said institutional trading activity was picking up with "quality names moving up."

"Continued hopes of a Discount rate cut" perhaps before the end of the month, was helping drive the market higher, Katz said.

Niagara Mohawk Power, the most active issue, firmed $¼ to $19¾.

Unocal were second, up $¾ to $47¼. The Delaware Supreme Court said Unocal could exclude T. Boone Pickens's Investor Group from a stock repurchase plan.

Among the Blue-Chips, General Motors improved $¾ to $68¾, General Electric $¾ to $59¾ and IBM $¼ to $129¾.

LTV dipped $⅛ to $8⅛—it said it will reorganise its steel unit into three separate companies.

UAL, which was struck by pilots, firmed $1 to $46¾. AMR advanced $¾ to $45¾. But United Technologies gave way $¾ to $39¾ on expectations of lower earnings from operations in the second quarter.

PRICES WERE mixed in active trading on the American SE, where the Market Value index was up 0.49 to 229.92, making a rise of 1.75 on the week. Trading volume 5.12m (6.39m) shares.

BAT Industries, the most active issue, dipped to $4⅛.

Closing prices for North America were not available for this edition.

### CANADA

Stocks rebounded from an early slump to resume their week-long rally in a heavy turnover around midday.

The Toronto Composite index rose 10.43 to 2,716.08, Metals and Minerals 10.9 to 2,026.5, Golds 75.1 to 3,988.5 and Oil and Gas 2.9 to 3,498.6.

Prices surged again among four Gold mines involved in merger plans, with **Lake Shore** up $7¼ to $80, **Little Long Lac** $6¾ to $70. **Lac Minerals** $¾ to $33¼ and **Wright-Hargreaves** $¾ to $13¾.

### TOKYO

Sharply higher with biotechnology-related issues leading the rally in very active trading.

The Nikkei Dow Average regained a further 50.69 to 12,419.99; after a 146.17 fall on Wednesday. Turnover 570m (340m) shares.

Investors are turning to a more far-sighted outlook than before, broker said.

especially for Electricals, one

Foreign investors were net buyers for the first time in over two weeks. Foreigners' purchases came to about 17.5m shares while selling totalled only around 16m issues.

A broker noted that Foreigners targeted their buying mostly at Domestic shares. A rise for the dollar against the Japanese currency made these shares cheaper and more attractive, he said.

Among Domestic-oriented stocks, prices of Retails, Utilities, Railways, Trading companies and Ocean Transportations flowed smoothly alone. Only Machineries ran into a snag.

### HONG KONG

Utility issues soared in active trading, carrying most share prices higher. Expectations of a local interest-rate cut also buoyed sentiment.

The Hang Seng index rose 12.00 to 1,647.88, its best level since August 28 1981, when it closed at 1,672.84. The indicator opened about 10 points above Thursday's closing level then climbed another 18 points by midday. The index shed more than half of its gains. However, amid active afternoon profit-taking.

Combined turnover on the four independent exchanges amounted to $HK462.19m ($HK343.18m).

The Utilities sub-index surged 87.54 to 2,011.29, far outpacing the other three sub-indices. The Finance sub-index was up 3.45 to 1,445.45, while the Commerce and Industry sub-index fell 9.22 to 1,384.48 and the Properties sub-index dropped 18.51 to 2,010.72.

### SINGAPORE

Mixed after profit-taking came in to pare earlier gains in fairly active trading.

The Straits Times Industrial index lost 1.32 to 822.30 and the SE All Share index 0.35 to 291.03. Turnover 2.4m (16.9m) shares.

Grand United, off 2 cents at $51.54, remained the most active stock with 1.01m shares traded. Genting lost 10 cents to S$6.35, with 589,000 units traded, while Lum Chang held steady at S$1.32 on a volume of 551,000 units.

### AUSTRALIA

Share markets closed easier with some profit-taking after Thursday's record highs and a lack of offshore interest.

While markets continued to be strong, due mainly to a lack of scrip, there is some concern that a technical correction is overdue.

The All Ordinaries index lost 2.0 to 900.7, Industrials 0.8 to 1,257.0, Resources 2.8 to 621.5, Gold 4.7 to 985.4 and Metals and Minerals 2.8 to 579.2. But Oil and Gas rose 1.8 to 673.4.

Traders said softening Gold prices, some profit-taking and indications of lower International Metal prices contributed to the easier trend.

Westpac ended the day down 10 cents at A$4.15 with brokers saying the market may have been disappointed with its 29.2 per cent increase in interim profit for the six months to March 31.

Australia and New Zealand Banking Group dropped 12 cents to A$4.90—It is due to report its first half profit Monday. But traders said the disappointment was due to the profit report from its finance subsidiary, Esanda which said its first-half profit rose to A$27.7m (A$20m).

Elsewhere, Industrial Equity rose 20 cents to A$7 following the announcement that its Hong Kong affiliate will tender 18m shares there.

Oil and Gas issues were mixed to firm.

Aberfoyle advanced 80 cents to A$13.00 on modest turnover.

### GERMANY

Mixed after activity which saw strong demand for selected shares push the Commerzbank 60-share index up 1.8 to 1,284.7—its third record this week.

No new factors emerged but sentiments continued bullish due to easing interest rates and recent reports of strong corporate earnings, dealers said. Trading was surprisingly active for a session between a market holiday and ahead of the weekend.

Traders noted gains became more selective as markets have been trading at record highs for two weeks. Last week, the Commerzbank index set new records four times.

Daimler moved up DM 10 to 724 and Mercedes Holding DM 4.50 to 631. VW advanced DM 7.5 to 233 on continued support from recently reported strong earnings and a re-evaluation of the company by analysts. But BMW fell DM 3.50 to 363 although no clear reason could be given, and Porsche shed DM 5 to 1,185.

### SWITZERLAND

Domestic stock prices ended steady in thin trading with many operators absent for a long weekend.

Markets were still consolidating recent gains. Light profit-taking led to lower prices especially among Banks. But some demand emerged among Chemicals, while other Industrials, as well as Insurances finished mostly steady.

In Holdings and Financials second-liner Skis rose Frs 70 to 1,250 on speculative domestic demand. Usego also gained ground after announcing a rights issue.

## Indices

### NEW YORK — DOW JONES

| | May 16 | May 15 | May 14 | May 13 | May 10 | 1985 High | 1985 Low | Since Compil'n High | Since Compil'n Low |
|---|---|---|---|---|---|---|---|---|---|
| ♦Industrl's | 1278.25 | 1273.52 | 1273.30 | 1277.50 | 1274.18 | 1295.56 (1/5) | 1184.85 (4/1) | 1289.35 (1/5/85) | 41.22 (2/7/32) |
| H'me Bnds | 70.74 | 70.27 | 75.21 | 76.85 | 75.75 | 76.74 (18/5) | 72.27 (20/3) | — | — |
| Transport | 617.58 | 611.16 | 608.72 | 617.36 | 617.03 | 635.30 (1/5) | 563.03 (4/1) | 638.30 (1/5/85) | 12.32 (8/7/32) |
| Utilities | 161.83 | 158.21 | 158.65 | 158.85 | 158.73 | 161.83 (16/5) | 146.54 (4/1) | 163.72 (20/4/60) | 10.5 (28/4/42) |
| Trading Vol 000's | 88,490 | 106,120 | 97,350 | 80,830 | 140,260 | — | — | — | — |

♦Day's High 1285.11 (1283.57) low 1270.10 (1265.46)

| | May 10 | May 3 | Apr. 26 | year ago (approx) |
|---|---|---|---|---|
| Industrial div. yield % | 4.81 | 4.90 | 4.72 | 4.76 |

### STANDARD AND POORS

| | May 16 | May 15 | May 14 | May 13 | May 10 | 1985 High | 1985 Low | Since Comp'n High | Since Comp'n Low |
|---|---|---|---|---|---|---|---|---|---|
| Indust'ls | 206.27 | 204.90 | 206.49 | 204.39 | 203.26 | 205.27 (16/5) | 182.24 (4/1) | 206.27 (16/5/85) | 3.62 (30/6/32) |
| Comp'ite | 185.66 | 184.54 | 184.61 | 184.61 | 184.28 | 185.66 (16/5) | 163.68 (4/1) | 185.66 (16/5/85) | 4.40 (1/6/32) |

| | May 1 | Apr. 24 | Apr. 17 | year ago (approx) |
|---|---|---|---|---|
| Industrial div. yield | 3.93 | 3.84 | 3.65 | 3.23 |
| Industrial P/E ratio | 11.20 | 11.28 | 11.27 | 12.42 |
| Long Gov. Bond yield | 11.33 | 11.33 | 11.28 | 13.84 |

### N.Y.S.E. ALL COMMON

| May 16 | May 15 | May 14 | May 13 | 1985 High | 1985 Low |
|---|---|---|---|---|---|
| 107.50 | 106.97 | 106.43 | 106.85 | 107.50 (16/5) | 94.60 (4/1) |

### Rises and Falls

| | May 16 | May 15 | May 14 |
|---|---|---|---|
| Issues Traded | 2,001 | 1,921 | 2,002 |
| Rises | 1,002 | 942 | 720 |
| Falls | 565 | 580 | 838 |
| Unchanged | 437 | 463 | 444 |
| New Highs | 210 | 153 | 151 |
| New Lows | 19 | 16 | 6 |

### TORONTO

| | May 16 | May 15 | May 14 | May 13 | 1985 High | 1985 Low |
|---|---|---|---|---|---|---|
| Metals & Minerals | 2015.8 | 1997.6 | 2018.9 | 2015.4 | 2190.07 (18/2) | 1880.0 (4/1) |
| Composite | 2705.6 | 2672.2 | 2660.8 | 2646.1 | 2705.6 (16/5) | 2348.5 (8/1) |
| MONTREAL Portfolio | 133.11 | 131.12 | 130.88 | 130.59 | 133.11 (16/5) | 117.00 (4/1) |

| | May 17 | May 16 | May 15 | May 14 | 1985 High | 1985 Low |
|---|---|---|---|---|---|---|
| **AUSTRALIA** All ord. (1/1/80) | 900.7 | 902.7 | 895.5 | 888.4 | 902.7 (16/5) | 715.8 (7/1) |
| Metals & Minls. (1/1/80) | 579.2 | 582.0 | 575.5 | 573.8 | 582.0 (16/5) | 562.5 (7/1) |
| **AUSTRIA** Credit Aktien (2/1/62) | 28.60 | (c) | 28.81 | 24.38 | 85.58 (12/5) | 58.21 (24/1) |
| **BELGIUM** Brussels SE (1/1/80) | (c) | (c) | 2237.72 | 2226.27 | 2318.06 (18/3) | 2090.7 (18/1) |
| **DENMARK** Copenhagen SE (3/1/83) | 189.01 | (c) | 187.16 | 185.75 | 192.70 (24/4) | 159.44 (8/1) |
| **FRANCE** CAC General (31/12/82) | 221.1 | (c) | 221.8 | 220.7 | 221.8 (15/5) | 180.2 (3/1) |
| Ind Tendance (28/12/84) | 123.2 | (c) | 123.1 | 121.8 | 123.2 (17/5) | 100.1 (3/1) |
| **GERMANY** FAZ Aktien (31/12/58) | 432.35 | (c) | 431.88 | 432.57 | 432.57 (14/5) | 382.38 (3/1) |
| Commerzbank (1/12/53) | 1284.7 | (c) | 1,282.9 | 1265.6 | 1284.7 (17/5) | 1111.8 (3/1) |
| **HONG KONG** Hang Seng Bank (31/7/64) | 1647.88 | 1635.88 | 1,612.81 | 1615.80 | 1647.88 (17/5) | 1228.74 (2/1) |
| **ITALY** Banca Comm Ital. (1972) | 517.51 | 516.42 | 514.24 | 505.07 | 517.51 (17/5) | 228.58 (2/1) |
| **JAPAN**** Nikkei-Dow (16/5/49) | 12419.9 | 12369.6 | 12558.0 | 12504.2 | 12683.3 (3/4) | 11545.2 (5/1) |
| Tokyo SE New (4/1/68) | 974.85 | 968.88 | 987.87 | 978.95 | 1008.98 (22/3) | 916.93 (4/1) |
| **NETHERLANDS** ANP-CBS General (1970) | 207.8 | (c) | 208.1 | 207.9 | 213.8 (8/5) | 165.5 (3/1) |
| ANP-CBS Indust (1970) | 171.1 | (c) | 171.5 | 171.8 | 175.2 (7/5) | 147.3 (3/1) |
| **NORWAY** Oslo SE (4/1/83) | (c) | (a) | 352.57 | 352.27 | 345.6 (8/2) | 238.19 (2/1) |
| **SINGAPORE** Straits Times (1966) | 822.30 | 823.62 | 814.32 | 804.24 | 852.65 (7/3) | 784.39 (18/1) |
| **SOUTH AFRICA** JSE Gold (28/9/78) | — | (c) | — | 1109.4 | 1140.0 (15/4) | 856.1 (11/2) |
| JSE Indust (28/9/78) | — | (c) | — | 954.7 | 984.7 (14/5) | 757.1 (7/8) |
| **SPAIN** Madrid SE (28/12/84) | 119.89 | 111.41 | (c) | 111.49 | 117.41 (4/2) | 101.49 (2/1) |
| **SWEDEN** Jacobson & P (1/1/58) | 1401.95 | (c) | 1,384.18 | 1400.34 | 1466.98 (11/2) | 1581.60 (2/1) |
| **SWITZERLAND** Swiss Bank Cpn. (31/12/58) | 451.1 | (c) | 429.6 | 451.4 | 455.0 (13/6) | 386.7 (3/1) |
| **WORLD** Capital Intl. (1/1/70) | 207.8 | 207.9 | — | 207.6 | 207.8 (17/5) | 184.6 (4/1) |

** Saturday May 11: Japan Nikkei-Dow (c). TSE (c).

Base value of all indices are 100 except JSE Gold—255.7, JSE Industrial—264.3, and Australia All Ordinary and Metals—500. NYSE All Common—50: Standard and Poors—10: and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

### NEW YORK ACTIVE STOCKS

| Thursday | Stocks traded | Closing price | Change on day |
|---|---|---|---|
| Signal | 3,723,300 | 40½ | −1⅝ |
| Allied Con. | 2,086,700 | 41 | +1 |
| AT & T | 2,000,700 | 23⅛ | + ⅛ |
| Hewlt-Packard | 1,112,500 | 32⅞ | −1⅝ |
| IBM | 978,700 | 129 | + ⅛ |
| Mapco | 977,300 | 35⅞ | +1 |
| Ford Motor | 918,700 | 41¼ | + ¼ |
| K Mart | 870,300 | 37⅛ | +1⅛ |
| Atl. Richfield | 857,900 | 60⅞ | — |
| GTE | 838,000 | 40¾xd | − ⅛ |

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights.

# CURRENCIES, MONEY and CAPITAL MARKETS

## FOREIGN EXCHANGES

# Dollar weaker

The dollar drifted down slowly for most of the day on the foreign exchanges, but weakened more sharply towards the London close and finished at or around its lowest levels of the day. Federal funds were slightly lower at 8 per cent, and the market is growing more nervous about the revision of U.S. first quarter gross national product next week. The Federal Open Market Committee also meets on Tuesday, amid speculation about an easing of monetary policy and a possible cut in the U.S. discount rate.

Against a nervous background the dollar fell to DM 3.0685 from DM 3.0910; FFr 9.37 from FFr 9.42; SwFr 2.5825 from SwFr 2.59; and Y250.65 from Y251.45. On Bank of England figures the dollar's index fell to 145.6 from 146.3.

Sterling's index rose 0.1 to 79.0, after opening unchanged at 78.9, the low of the day, and touching a peak of 79.4 at 2 pm. The pound rose to $1.2650 from $1.2555, but fell to DM 3.8825 from DM 3.90; FFr 11.8675 from FFr 11.8950; SwFr 3.27 from SwFr 3.30, but rose to Y317 from Y316.50.

UK industrial production figures were well received, and the rise in April retail prices was only slightly higher than expected.

### STERLING INDEX

| | May 17 | Previous | | May 17 | Previous |
|---|---|---|---|---|---|
| 8.30 am | 78.9 | 78.9 | 1.00 pm | 79.1 | 78.7 |
| 9.00 am | 78.9 | 78.9 | 2.00 pm | 79.4 | 78.7 |
| 10.00 am | 79.0 | 78.9 | 3.00 pm | 79.1 | 78.9 |
| 11.00 am | 79.2 | 78.8 | 4.00 pm | 79.0 | 78.9 |
| Noon | 79.1 | 78.8 | | | |

### POUND SPOT—FORWARD AGAINST POUND

| May 17 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U.S. | 1.2490-1.2665 | 1.2645-1.2655 | 0.50-0.47c pm | 4.60 | 1.37-1.32pm | 4.25 |
| Canada | 1.7202-1.7369 | 1.7325-1.7365 | 0.53-0.45c pm | 3.39 | 1.28-1.19pm | 2.81 |
| Nethlnd. | 4.38¼-4.73¼ | 4.39¼-4.40¼ | 2¼-2a pm | 5.63 | 8¼-5⅞pm | 8.46 |
| Belgium | 78.16-78.65 | 78.55-78.65 | 26-21c pm | 3.59 | 70-61pm | 3.33 |
| Denmark | 13.91½-14.01 | 13.97-13.98 | 4¼-3¾ore pm | 3.70 | 11⅝-10⅝pm | 3.17 |
| Ireland | 1.1786-1.1905 | 1.1835-1.1845 | 0.18p pm-0.01d | -0.71 | 0.31pm-.13d | -0.30 |
| W. Ger. | 3.87¾-3.90 | 3.87¾-3.88¾ | 2½-2¼pf pm | 7.19 | 6¾-6¼pm | 6.63 |
| Portugal | 218-224 | 220-224 | 95-420c dis | -13.52 | 320-1205dis | -13.74 |
| Spain | 212¾-218¾ | 218-219½ | 15c pm-5 dis | -0.27 | 15-50dis | -2.93 |
| Italy | 2,477-2,489¼ | 2,484½-2,485½ | 4 lire pm-par | 0.57 | 4pm-1dis | -0.24 |
| Norway | 11.10-11.31¼ | 11.23-11.24 | ½ore pm-½ dis | -0.27 | ½-¼dis | -9.12 |
| France | 11.83¾-11.90¼ | 11.86¼-11.87¼ | 2⅞-2⅛c pm | 2.65 | 7¼-6¼pm | 2.32 |
| Sweden | 11.23-11.28 | 11.26½-11.27½ | 3-3½ore dis | -2.59 | 9½-10½dis | -3.50 |
| Japan | 315-317½ | 316½-317½ | 1.80-1.60y pm | 6.44 | 4.95-4.85pm | 6.19 |
| Austria | 27.25-27.40 | 27.33-27.39 | 15⅛-13⅛gro pm | 6.58 | 41¼-37¼pm | 5.75 |
| Switz. | 3.26-3.28 | 3.26½-3.27½ | 2¼-2⅛c pm | 8.03 | 6-5¼pm | 7.26 |

Belgian rate is for convertible francs. Financial franc —.
Six-month forward dollar 2.39-2.34c pm. 12-month 3.60-3.45c pm.

### OTHER CURRENCIES

| May 17 | £ | $ | | £ Note Rates |
|---|---|---|---|---|
| Argentina Peso | 649.70-650.70 | 516.00-516.50 | Austria | 27.10-27.40 |
| Australia Dollar | 1.8480-1.8520 | 1.4595-1.4615 | Belgium | 78.20-79.00 |
| Brazil Cruzeiro | 6,585-6,595 | 5,220-5,240 | Denmark | 13.93-14.07 |
| Finland Markka | 8.0925-8.1150 | 6.4280-6.4500 | France | 11.83-11.94 |
| Greek Drachma | 169.16-175.35 | 136.05-136.47 | Germany | 3.81½-3.91½ |
| Hong Kong Dollar | 9.8070-9.8290 | 7.7710-7.7730 | Italy | 2465-2500 |
| Iran Rial | 116.00* | 92.50* | Japan | 314-319 |
| Kuwait Dinar (KD) | 0.3817-0.3922 | 0.30240-0.30255 | Netherlands | 4.38-4.42 |
| Luxembourg Fr | 78.55-78.65 | 58.35-62.45 | Norway | 11.15-11.56 |
| Malaysia Dollar | 3.1175-3.1275 | 2.4685-2.4705 | Portugal | 212-221 |
| New Zealand Dlr. | 2.8070-2.8095 | 2.2200-2.2259 | Spain | 212-222 |
| Saudi Arab. Riyal | 4.5576-4.5619 | 3.6102-3.6106 | Sweden | 11.18-11.29 |
| Singapore Dollar | 2.7916-2.7995 | 2.2210-2.2140 | Switzerland | 3.25½-3.28½ |
| Sth African Rand | 2.5119-2.5280 | 1.9880-1.9900 | United States | 1.25½-1.26½ |
| U.A.E. Dirham | 4.6359-4.6408 | 3.6720-3.6750 | Yugoslavia | 310-345 |

* Selling rate.

† Correction (May 15): South African Rand—£ rate was 2.4665-2.4793.

### DOLLAR SPOT—FORWARD AGAINST DOLLAR

| May 17 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.2490-1.2665 | 1.2645-1.2655 | 0.50-0.47c pm | 4.60 | 1.37-1.32pm | 4.25 |
| Ireland† | 1.0035-1.0200 | 1.0162-1.0172 | 0.38-0.28c pm | 3.92 | 1.15-0.95pm | 3.96 |
| Canada | 1.3685-1.3749 | 1.3725-1.3735 | 0.16-0.19c dis | -1.52 | 0.48-0.53dis | -1.46 |
| Nethlnd. | 3.4700-3.5212 | 3.4770-3.4790 | 0.20-0.27c pm | 0.96 | 1.04-1.01pm | 1.15 |
| Belgium | 62.35-62.95 | 62.35-62.45 | 6-7c dis | -1.26 | 15-17dis | -1.02 |
| Denmark | 11.03-11.16¼ | 11.03-11.03½ | ¼-1¼ore dis | -1.08 | 2¼-3¼dis | -1.09 |
| W. Ger. | 3.0680-3.1170 | 3.0680-3.0690 | 0.70-0.65pf pm | 2.63 | 2.08-2.03pm | 2.67 |
| Portugal | 175-178 | 175-178½ | 150-400c dis | -18.75 | 450-1150dis | -18.16 |
| Spain | 172½-175½ | 173-173½ | 60-70c dis | -4.50 | 205-235dis | -5.27 |
| Italy | 1,962½-1,986¼ | 1,966½-1,967½ | 6¼-6¾ lira dis | -3.97 | 20¼-21dis | -4.20 |
| Norway | — | 8.88¼-8.88¾ | 3-3¼ore dis | -4.22 | 9½-10dis | -4.39 |
| France | 8.38¼-8.50¼ | 8.36¾-9.37¼ | 1.55-1.65c dis | -2.04 | 4.50-4.80dis | -1.98 |
| Sweden | 8.90½-8.97½ | 8.91¼-8.91¾ | 6½-6¾ore dis | -8.91 | 17¼-17¾dis | -7.85 |
| Japan | 250.40-252.00 | 250.60-250.70 | 0.43-0.39y pm | 1.95 | 1.25-1.20pm | 1.94 |
| Austria | 21.61½-21.89 | 21.64-21.65 | 3½-2¼gro pm | 1.64 | 9¼-6¼pm | 1.48 |
| Switz. | 2.5800-2.6195 | 2.5820-2.5830 | 0.73-0.67c pm | 3.24 | 2.09-2.03pm | 3.15 |

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 62.10-62.20.

### EXCHANGE CROSS RATES

| May 17 | Pound St'rling | U.S. Dollar | Deutschem'k | J'panese Yen | French Franc | Swiss Franc | Dutch Guild | Italian Lira | Canada Dollar | Belgian Franc |
|---|---|---|---|---|---|---|---|---|---|---|
| Pound Sterling | 1. | 1.265 | 3.883 | 417.0 | 11.87 | 3.979 | 4.398 | 2485. | 1.736 | 78.69 |
| U.S. Dollar | 0.791 | 1. | 3.069 | 250.7 | 9.379 | 2.585 | 3.476 | 1967. | 1.371 | 62.15 |
| Deutschemark | 0.258 | 0.326 | 1. | 81.65 | 3.057 | 0.842 | 1.133 | 640.1 | 0.447 | 20.24 |
| Japanese Yen 1,000 | 3.155 | 3.991 | 12.25 | 1000. | 37.44 | 10.32 | 13.87 | 7840. | 5.472 | 247.0 |
| French Franc 10 | 0.843 | 1.066 | 3.272 | 267.1 | 10. | 2.755 | 3.705 | 2094. | 1.482 | 66.23 |
| Swiss Franc | 0.306 | 0.387 | 1.187 | 96.94 | 3.629 | 1. | 1.345 | 760.9 | 0.539 | 24.04 |
| Dutch Guilder | 0.227 | 0.288 | 0.883 | 72.09 | 2.699 | 0.744 | 1. | 565.1 | 0.394 | 17.87 |
| Italian Lira 1,000 | 0.402 | 0.509 | 1.562 | 127.6 | 4.776 | 1.310 | 1.779 | 1000. | 0.698 | 31.65 |
| Canadian Dollar | 0.577 | 0.729 | 2.238 | 182.8 | 6.842 | 1.885 | 2.536 | 1435. | 1. | 45.32 |
| Belgian Franc 100 | 1.272 | 1.609 | 4.940 | 405.3 | 15.10 | 4.160 | 5.595 | 3169. | 2.207 | 100. |

## MONEY MARKETS

# Little change

Interest rates remained steady on the London money market yesterday. Three-month interbank closed unchanged at 12⅝-12⅜ per cent, and discount houses buying rates for three-month eligible bank bills were 12 5/16 per cent compared with 12 5/16-12¼ per cent. Figures on U.K. retail prices and industrial production had little or no impact, and interest rates are expected to hold steady at least until the next set of money supply figures.

**UK clearing banks base lending rate 12½-12¾ per cent since April 19.**

The Bank of England forecast a money market shortage of £700m, but changed this to £750m before lunch and to £850m in the afternoon. Total help provided by the authorities was £669m, mainly through outright purchases of eligible bank bills.

An early round of help was offered and at that time the Bank of England bought £187m bills outright, by way of £101m banks bills in band 2 (15-33 days maturity) at 12½ per cent; and £36m bank bills in band 4 (64-91 days) at 12 per cent.

Another £222m bills were purchased before lunch, through £89m bank bills in band 2 at 12½ per cent; £31m bank bills in band 3 (34-63 days) at 12½ per cent; £37m Treasury bills in band 4 at 12 per cent; and £65m bank bills in band 4 at 12 per cent.

In the afternoon £485m bills were bought outright, by way of £5m bank bills in band 1 (up to 14 days) at 12½ per cent; £176m bank bills in band 2 at 12½, £275m bank bills in band 3 at 12½ per cent; and £29m bank bills in band 4 at 12 per cent.

Late assistance of £25m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £320m, with Exchequer transactions absorbing £105m, a rise in the note circulation £265m, and bank balances below target another £30m.

### LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

| May 17 1985 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Company Deposits | Market Deposits | Treasury (Buy) | Treasury (Sell) | Eligible Bank (Buy) | Eligible Bank (Sell) | Fine Trade (Buy) |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 12-12⅝ | 12½-13¾ | 13⅝ | 11-12½ | — | — | — | — | — |
| 2 days notice | — | — | 12⅝-12⅞ | — | — | — | — | — | — | — |
| 7 days or | — | — | — | — | — | — | — | — | — | — |
| 7 days notice | — | 12½-12¾ | 12⅝-12¾ | 12⅞ | 12½-12 9/16 | — | — | — | — | — |
| One month | 12⅝-12⅝ | 12⅝-12¾ | 12¾ | 12⅞ | 12½ | 12¼ | 12 5/16 | 12 9/32 | 12¼ | 12⅝ |
| Two months | 12 7/16-12 5/16 | 12⅝-12¼ | 12¾ | — | 12¼ | 12⅛-12 3/16 | 12 3/16 | 12⅛ | 12⅛ | 12½ |
| Three months | 12 5/16-12 3/16 | 12⅝-12⅜ | 12¾ | — | 12 | 12-12 1/16 | 11⅞ | 12 1/32 | 12 | 12⅜ |
| Six months | 12⅜-12¼ | 12⅝-12⅜ | 12½ | — | — | — | — | 11 15/16-11⅞ | 11⅞-11 13/16 | 12 5/32 |
| Nine months | 12⅛-12 | 12½-12⅜ | — | — | — | — | — | — | — | — |
| One year | 12 1/16-11 15/16 | 12 7/16-12 5/16 | 12⅜ | — | — | — | — | — | — | — |

| | Local Auth. negotiable bonds | Local Authority Deposits | Finance House Deposits | $ Cert of Deposits | SDR Linked Deposits | ECU Linked Deposits |
|---|---|---|---|---|---|---|
| One month | 13-12¾ | — | 12⅝ | 7.9-8.0 | 7 13/16-8 1/16 | 9 7/16-9 3/16 |
| Two months | 13-12¾ | — | 12⅝ | 7.95-8.05 | 7 13/16-8 1/16 | 9⅛-9⅜ |
| Three months | 13-12¾ | — | 12⅝ | 8.0-8.1 | 8-8¼ | 9 3/16-9 5/16 |
| Six months | 12⅞-12⅝ | — | 12½ | 8.3-8.5 | 8 5/16-8 9/16 | 9¼-9½ |
| Nine months | 12⅝-12⅜ | — | 10½ | 8.5-8.6 | — | — |
| One year | 12½-12⅜ | — | 12¼ | 8.7-8.8 | 8½-8¾ | 9 7/16-9 11/16 |
| Two years | — | 11⅞ | — | — | — | — |
| Three years | — | 11¾ | — | — | — | — |
| Four years | — | 11¾ | — | — | — | — |
| Five years | — | 11¾ | — | — | — | — |

ECGD Fixed Rate Export Finance IV: Average Rate of Interest period April 3 to May 7 (inclusive): 12.787 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 13½ per cent from May 1, 1985. London and Scottish Clearing Bank Rates for lending 12½-13¾ per cent. Bank Deposit Rates for sums at seven days' notice 6.65-7.25 per cent (net). Treasury Bills: Average tender rates of discount 11.9939 per cent. Certificates of Tax Deposit (Series 6): Deposits £100,000 and over held under one month 12¾ per cent; one-three month 12¾ per cent; three-six months 12½ per cent; six-nine months 12¼ per cent; nine-12 months 12¼ per cent. Under £100,000 11¾ per cent from May 14. Deposits held under Series 5 12¾ per cent. The rate for all deposits withdrawn for cash 6 per cent.

### FT LONDON INTERBANK FIXING

(11.00 a.m. May 17)

| 3 months U.S. dollars | |
|---|---|
| bid 8 5/16 | offer 8 9/16 |

| 6 months U.S. dollars | |
|---|---|
| bid 8 1/8 | offer 8 1/8 |

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

### EURO-CURRENCY INTEREST RATES (Market closing rates)

| May 17 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | Swiss Franc | D-mark | French Franc | Italian Lira | Belgian Franc Conv. | Belgian Franc Fin. | Yen | Danish Krone |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Short-term | 13½-13¾ | 8 5/8 | 8¼-9¼ | 6⅛-6 5/16 | 4¼-4⅜ | 5⅝-6⅛ | 19-19½ | 11½-12½ | 9¼-9⅞ | 9¼-10 | 6-6 5/16 | 8⅝-9⅜ |
| 7 day's notice | 13¼-12¾ | 8-8⅛ | 8-9½ | 6⅛-6 5/16 | 1⅞-2⅛ | 5 13/16-6 1/16 | 10-19½ | 12-15 | 9½-9¾ | 9¼-9⅝ | 6⅛-6¼ | 7⅞-9 |
| Month | 12 15/16-13 1/16 | 8-8¼ | 9¼-9½ | 6¼-6⅜ | 5⅛-5⅜ | 5⅝-5⅞ | 19 3/16-10 7/16 | 12-13½ | 9-9¼ | 9-9¼ | 6 5/16-6 7/16 | 8⅛-9⅛ |
| Three months | 12 11/16-12¾ | 8 5/16-8 7/16 | 9⅛-9¼ | 6¼-6⅝ | 5⅛-5¼ | 6⅛-6⅜ | 10 7/16-19 9/16 | 12½-12⅝ | 9¼-9⅜ | 9⅛-9⅝ | 6 5/16-6⅜ | 9⅛-9½ |
| Six months | 12 11/16-12 13/16 | 8⅜-8½ | 9 3/16-9 5/16 | 6¼-6⅞ | 6⅛-6¼ | 5⅝-5¾ | 10 7/16-10 9/16 | 13⅛-13⅝ | 9⅛-9⅜ | 9¼-9½ | 6 5/16-6⅝ | 9¼-9⅝ |
| One year | 12¼-12 5/16 | 8 9/16-9 1/16 | 10-10½ | 6¼-6⅜ | 5 5/16-5½ | 5 9/16-5 11/16 | 10⅝-10¾ | 13⅝-14⅛ | 9⅝-9⅞ | 9⅝-9⅞ | 5 9/16-5 11/16 | 9⅛-9⅜ |

Asian $ (closing rates in Singapore): Short-term 8 5/16-8 7/16 per cent; seven days 8 5/16-8 7/16 per cent; one month 8 5/16-8 7/16 per cent; three months 8 9/16-8 11/16 per cent; six months 8 11/16-8 13/16 per cent, one year 8⅞-9 per cent. Long-term Eurodollars: two years 9 15/16-10 1/16 per cent; three years 10⅜-10⅝ per cent; four years 10⅝-10⅞ per cent; five years 10⅞-11⅛ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

# COMMODITIES AND AGRICULTURE

## WEEKLY PRICE CHANGES

| | Latest prices per tonne unless stated | Ch'nge on week | Year ago | 1985 High | 1985 Low |
|---|---|---|---|---|---|
| **METALS** | | | | | |
| Aluminium | | | | | |
| Free Market c.i.f. | $1145/1175 | — | $1270/1320 | $1190/1210 | $1085/1115 |
| Antimony | | | | | |
| Free Market 99.5% | $2600/2700 | -50 | $3570/3410 | $4075/3160 | $2680/2850 |
| Copper-Cash High Grade | £1186.5 | -81 | £1006.5 | £1339 | £1134.25 |
| 3 months Do. Do. | £1190.25 | -38.25 | £1023.75 | £1351.75 | £1141.5 |
| Gold per oz | $322.5 | +8 | $376.5 | $334 | $284.75 |
| Lead Cash | £294 | -6.5 | £397 | £361.5 | £295 |
| 3 months | £299.75 | -5.75 | £327.75 | £333.5 | £228.25 |
| Nickel | | | | | |
| Free Market c.i.f. lb | 249/279c | +8 | 213/232c | 249/279c | 215/245c |
| Palladium per oz | $118.75 | -1.75 | $154.75 | $129.65 | $109.70 |
| Platinum per oz | $279.50 | +7.25 | $385.50 | $301.25 | $244.25 |
| Quicksilver (76 lbs) | $280/290 | — | $306/315 | $300/310 | $280/290 |
| Silver per oz | 519.99p | +0.60 | 641.65p | 676.90p | 495.45p |
| 3 months per oz | 525.75p | +0.40 | 655.75p | 694.90p | 509.46p |
| Tin cash | £9565 | -2.5 | £9087.5 | £10,297.5 | £9250 |
| 3 months | £9622.5 | -25 | £8950.5 | £10,232.5 | £9225.5 |
| Tungsten Ind | $79.03 | +4.67 | $83.61 | $83.85 | $74.36 |
| Wolfram (22.04 lb.) | $68/71 | — | $85/89 | $73/78 | $64/68 |
| Zinc cash | £647.5 | -38 | £758 | £844.5 | £647.5 |
| 3 months | £653.5 | -25.25 | £676.5 | £822.5 | £653.5 |
| Producers | $960 | — | $1,050/1,090 | $980 | $900 |
| **GRAINS** | | | | | |
| Barley Futures | £99.00t | -0.80 | £106.60 | £117.40 | £26.40 |
| Maize French | £160.00u | -0.5 | £147.00 | £182.20 | £148.50 |
| WHEAT Futures | £122.75w | -2.20 | £128.50 | £124.95 | £113.00 |
| **SPICES** | | | | | |
| Cloves | $3,250 | — | $8,200 | $4,200 | $3,850 |
| Pepper white | $5,500 | — | $3,250 | $3,959 | $5,300 |
| black | $2,900 | — | $1,900 | $3,100 | $2,150 |
| **OILS** | | | | | |
| Coconut (Philippines) | $700 | — | $1,420 | $930 | $710 |
| Palm Malayan | $590v | — | $279 | $700 | $565 |
| **SEEDS** | | | | | |
| Copra (Philippines) | $430v | — | $730 | $575 | $430 |
| Soyabeans (U.S.) | $243.5 | -1.5 | $320.25 | $255.4 | $237.95 |
| **OTHER COMMODITIES** | | | | | |
| Cocoa Futures July | £1785.5 | -84 | £2013 | £2,366.5 | £1029 |
| Coffee Futures July | £2084 | -81.5 | £2474 | £2,457 | £2287.5 |
| Cotton Index | | — | 89.30c | 71.95c | 66.05c |
| Des. Coconut | £840 | — | £1080 | £1,250 | £840 |
| Gas Oil Fut. July | $213.75 | -1.85 | $663 | $238.5 | $213.75 |
| Jute UA BWC grade | $790 | — | $500 | $945 | $790 |
| Rubber kilo | 64p | -0 | 71p | 70p | 62p |
| Sisal No. 3L | $640 | — | $870 | $870 | $609 |
| Sugar (Raw) | $64v | — | £107 | $129.5 | $65 |
| Tea (quality) kilo | | — | 300p | 340p | 265p |
| (low med) kilo | 115p | — | 308p | 255p | 115p |
| Wooltops 64s Super | 481p kilo | +6 | 478p kilo | 556p kilo | 463p kilo |

† Unquoted. (o) Madagascar. (s) June. (v) May-June. (w) July. (1) Sept. (w) July. (1) Sept.

### OIL

Brent traded quietly around Thursday's U.S. closing levels all day. By noon EST, Nymex was trading about 9c down. Gulf grades continued to be weak. In the petroleum products market gas oil prices fell $2-$3. The absence of barge demand, the weak IPE and rumours of incoming Russian vessels produced continued nervousness as buyers dropped their bids—Petroleum Argus, London.

**SPOT PRICES**

| | Latest | Change + or — |
|---|---|---|
| CRUDE OIL—FOB ($ per barrel)—June | | |
| Arab Light | 26.80-27.08 | — |
| Arab Heavy | 25.20-25.30 | -0.10 |
| Dubai | 26.40-26.50 | -0.19 |
| Brent Blend | 26.40-26.55 | -0.10 |
| W.T.I. (1pm est) | 27.30-27.50 | -0.05 |
| Forcados (Nigeria) | 26.55-26.70 | — |
| Urals (cif Med) | 25.50-25.60* | -0.19 |
| PRODUCTS—North West Europe Prompt delivery cif ($ per tonne) | | |
| Premium gasoline | 290-293 | — |
| Gas Oil | 214-216 | -2.5 |
| Heavy fuel oil | 151-153 | — |

* May

Petroleum Argus estimates

**GAS OIL FUTURES**

| Month | Yest'day's Close | + or — | Business Done |
|---|---|---|---|
| | $ U.S. per tonne | | |
| June | 214.15 | -2.25 | 218.25-14.75 |
| July | 213.75 | -1.25 | 214.60-13.50 |
| Aug | 215.25 | -1.15 | 215.75-15.00 |
| Sep | 217.00 | -1.75 | 217.75-16.75 |
| Oct | 218.75 | -1.50 | — |
| Nov | 221.50 | -1.50 | — |

Turnover: 618 (242) lots of 100 tonnes.

### GOLD

Gold rose $2 to $322¼-322¾ on the London bullion market yesterday. It opened at $319¾-319¾, and was fixed at $319.80 in the morning and $322.50 in the afternoon. The metal touched a peak of $322¾-323¼ and a low of $319-319½.

**GOLD BULLION (fine ounce) May 15**

| | | |
|---|---|---|
| Close | $322¼-322¾ | (£255¼-255¾) |
| Opening | $319¾-319¾ | (£254½-255) |
| M'n'g fix | $319.80 | (£254.152) |
| Aft'n'n fix | $322.50 | (£255.142) |

**GOLD AND PLATINUM COINS**

| | | |
|---|---|---|
| Kr'g'r'nd | $329¼-330 | (£261¼-261¾) |
| ½ Krug. | $170-170 | (£134-134¼) |
| [illegible] | | |

### INDICES

**FINANCIAL TIMES**

| May 16 | May 15 | M'th ago | Year ago |
|---|---|---|---|
| 287.94 | 290.98 | 292.17 | 316.87 |

(Base: July 1 1952 = 100)

**REUTERS**

| May 17 | May 16 | M'th ago | Year ago |
|---|---|---|---|
| 1826.5 | 1855.5 | 1901.9 | 1991.7 |

(Base: September 18 1931 = 100)

**MOODY'S**

| May 14 | May 13 | M'th ago | Year ago |
|---|---|---|---|
| 921.8 | 923.0 | — | — |

(Base: December 31 1931 = 100)

**DOW JONES**

| Dow Jones | May 16 | May 15 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 117.91 | 117.86 | | |
| Fut | 122.54 | 120.80 | | |

(Base: December 31 1974 = 100)

## REVIEW OF THE WEEK

# Sterling strength hits copper prices

COPPER PRICES fell sharply last week on the London Metal Exchange (LME) reflecting the rise in the value of sterling against the dollar and an easing in the squeeze on the availability of supplies for delivery against the cash position.

The cash price ended the week £81 lower at £1,186.50 a tonne, £3.75 below the three months position, having begun the week at a £39 premium to the three months price.

The downward trend was also encouraged by persistent selling from one quarter which was not discouraged by a modest decline in LME warehouse stocks, the first for some time.

Aluminium was also affected by the advance of sterling against the dollar and a rise in LME warehouse stocks which left the cash position £28.75 down at £877.75 a tonne. Dealers said a fall of £8.75 yesterday was largely due to "stale bull liquidation" and follow-through selling.

Lead prices were depressed by an unexpectedly large fall in LME warehouse stocks to the lowest level in five years. This produced relatively little initial reaction but by the end of the week the cash lead price was £6.50 down at £294 a tonne.

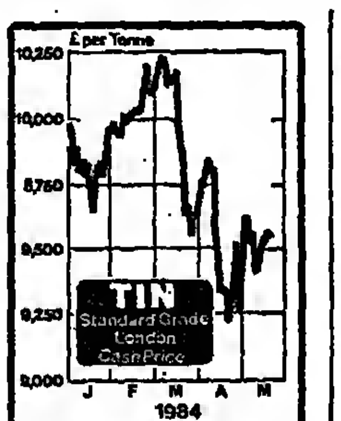
The strength of sterling against the dollar also resulted in price falls for other base metals. Cash zinc ended £33 down at £647.50 a tonne while cash aluminium lost £28.75 at £877.75 a tonne.

Cash standard tin also ended lower, but only £2.50 down at £9,585 a tonne. The relatively small fall in this price was attributed the reappearance of the International Tin Agreement bufferstock manager as a buyer. The buffer stock manager recently introduced new price support tactics under which he allowed the Kuala Lumpur price to drop below the International Tin Agreement floor price of 29.15 Malaysian dollars a kilo, arguing that a flexible approach made it easier to defend the floor level. This argument has been supported by the fact that the price has since risen above the floor but many operations remain doubtful about the wisdom of allowing the floor price to be breached. They feel that without an effective minimum price the agreement is meaningless.

Soft (non-metal) commodity prices mainly reflected currency movements with sterling denominated values losing ground against the gains in sterling and dollar denominated prices moving higher for the same reason.

The biggest fall was in London cocoa futures, with the July quotation ending £84 down at £1,785.50 a tonne. The price had earlier fallen to nine-month lows before a wave of covering by speculators who had previously sold the market short trimmed losses near the close.

Dealers said the market was still bearishly influenced by expectations of a world 1984/85 production surplus of 100,000 tonnes, or slightly more, dealers said. Ivory Coast output was put at over 500,000 tonnes while Ghana output could reach 170,000, they said.




The dealers said there was little on the horizon to reverse the current bear trend as summertime normally sees a reduction in physical demand.

Coffee prices were also sharply lower. The July position ended the week £81.50 down at £2,084 a tonne. This was mainly due to currency factors plus a slight weakness on the New York market.

### ALUMINIUM

| | Unofficial close (p.m.) £ per tonne | + or — | High/low |
|---|---|---|---|
| Cash | £877.5-78 | -0.75 | 870/877 |
| 3 months | £889.90 | -8.15 | 919/907 |

Official closing (am): Cash 877-.5 (891.5-2): three months 898-9 (912.5-3.5); settlement 877.5 (—). Final Kerb close: 898-9. Turnover: 11,875 tonnes.

### COPPER

| Higher grade | Unofficial close | + or — | High/Low |
|---|---|---|---|
| Cash | £1186-7 | -19.25 | 1167/1166 |
| Three m'nths | £1190-.5 | -14.5 | 1198/1160 |

Official closing (am): Cash 1,188-7 (1,200-1); three months 1,188-0 (1,200-1); settlement 1,187 (1,201). Final Kerb close: 1,188-9.

| Cathodes | | | |
|---|---|---|---|
| Cash | £1179-81 | -18 | 1178/1176 |
| Three m'nths | £1179-81 | -18.50 | 1177/1177 |

Official closing (am): Cash 1,176-7 (1,190-5); three months 1,176-7 (1,192-5); settlement 1,177 (1,195). Turnover: 23,225 tonnes. U.S. Producer prices 70-74 cents per pound.

### LEAD

| | Unofficial close (p.m.) £ per tonne | + or — | High/low |
|---|---|---|---|
| Cash | £295.5 | -4.5 | 295/295 |
| 3 months | £299.5-59 | -6.75 | 301.5/300 |

Official closing (am): Cash 295-.5 (297-8); three months 301-.5 (301.75-2); settlement 295.5 (298). Final Kerb close: 300-1. Turnover: 8,975 tonnes. U.S. Spot: 20/21 cents per pound.

### NICKEL

| | Unofficial close (p.m.) £ per tonne | + or — | High/low |
|---|---|---|---|
| Cash | £4480.90 | +15 | 4450/4450 |
| 3 months | £4430-5 | +2.5 | 4450/4410 |

Official closing (am): Cash 4,485-95 (4,504-5); three months 4,430-5 (4,452-5); settlement 4,495 (4,505). Final Kerb close: 4,420-25. Turnover: 702 tonnes.

### TIN

| High grade | Unofficial close (p.m.) £ per tonne | + or — | High/low for day |
|---|---|---|---|
| Cash | £9580-70 | +12.5 | — |
| 3 months | £9827-30 | +6 | — |

Official closing (am): Cash 9,548-50 (9,570-5); three months 9,520-5 (9,540-5); settlement 9,550 (9,575).

| Standard | | | |
|---|---|---|---|
| Cash | £9580-70 | +15 | — |
| 3 months | £9529-5 | +6 | 9525/9420 |

Official closing (am): Cash 9,548-50 (9,570-5); three months 9,510-1 (9,503-5); settlement 9,550 (9,575). Turnover: 2,975 tonnes. Final Kerb close: 9,510-20. Straits tin M$29.18 (29.18).

### ZINC

| | Official close (p.m.) £ per tonne | + or — | High/low |
|---|---|---|---|
| Cash | £647.5 | — | 655.5/646.5 |
| 3 months | £653-4 | — | 653/646 |

Official closing (am): Cash 645-.5 (651-2); three months 652-.5 (655-6); settlement 645.5 (652). Final Kerb close: 651.5-2. Turnover: 11,625 tonnes. U.S. Prime Western: 45.50/47.50 cents per pound.

### SILVER

Silver was fixed 8.25p an ounce lower for spot delivery on the London bullion market yesterday at 519.90p. U.S. cent equivalents of the fixing levels were: spot 645c, down 3.5c; three-month 657c, down 3.85c; six-month 670.85c, down 3.4c; and 12-month 700.05c, down 3.75c. The metal opened at 512½-515½p (643-648c) and closed at 514-517p (649-652c).

| SILVER per troy oz | Bullion fixing price | + or — | L.M.E. p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| Spot | 519.99p | -8.25 | 513p | -4 |
| 3 months | 535.75p | -8.85 | 536.75p | -2.75 |
| 6 months | 541.55p | -8.15 | — | — |
| 12 months | 519.55p | -8.50 | — | — |

LME—Turnover: 62 (74) lots of 10,000 oz.

Cash, high 511, low 510.2; three months, high 530, low 526, final Kerb 529-31.

### FREIGHT FUTURES

The market opened unchanged and remained steady in quiet conditions. Late afternoon buying rallied prices to the day's highs, reports Clarkson Wolff. The Baltic Freight Index was 990.5, down 8 points.

| | Close | High/Low | Prev. |
|---|---|---|---|
| July | 912/914 | 920/905 | 926/909 |
| Oct. | 958/960 | 961.5/947 | 948/943 |
| Jan. | 940/948 | 940/936 | 833/858 |
| April | 1000/1050 | 1000 | 985/1000 |
| July | 925/945 | — | 926/930 |
| Oct. | 980/1030 | — | 1000/1010 |
| Jan. | 980 | — | 1000/1050 |
| April | 1025/1100 | — | 1070/1080 |

### COCOA

| COCOA | Yesterday's Close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| May | 1760-1757 | -4.9 | 1765-1755 |
| July | 1785-1786 | +4.0 | 1794-1770 |
| Sept. | 1775-1776 | +4.5 | 1781-1764 |
| Dec. | 1760-1758 | +8.5 | 1765-1742 |
| Mar. | 1752-1760 | -2.0 | 1767-1755 |
| May | [illegible] | | |
| July | [illegible] | | |

Sales: 3,151 (6,227) lots of 10 tonnes. ICCO indicator prices (U.S. cents per pound). Daily price for May 17: 96.30 (96.76). Indicator price for May 20: 96.84 (96.44).

### POTATOES

| Month | Yesterday's close | Previous close | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| May | 80.00 | 87.00 | 89.00-85.00 |
| Nov | 64.19 | 64.59 | 65.00-64.00 |
| Feb | 72.99 | 78.50 | — |
| Apr | 88.50 | 85.70 | 88.10-85.00 |
| May | 90.80 | 91.59 | 91.80-91.00 |

Sales: 371 (466) lots of 40 tonnes.

### SOYABEAN MEAL

| | Yesterday close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| June | 125.80-126.5 | -0.35 | — |
| August | 120.00-120.5 | -0.45 | 110.50-120.5 |
| October | 122.50-123.0 | -0.55 | 123.00 |
| Dec | 129.20-129.5 | -0.40 | 128.50-128.4 |
| Feb | 133.00-133.5 | -1.00 | — |
| Apr | 134.00-135.5 | -1.50 | — |
| June | 134.00-135.5 | -1.75 | — |

Sales: 170 (232) lots of 20 tonnes.

### GRAINS

Business done—Wheat: May 117.95-7.50, July 120.80-20.00, Sept 99.90-9.50, Nov 103.20-2.85, Jan untraded, March 110.00-9.80. Sales: 200 lots of 100 tonnes. Barley: May 112.50 only, Sept 99.00 only, Nov 102.60 only. Jan and March untraded. Sales: 18 lots of 100 tonnes.

| WHEAT Mnth | Yesterd'ys close | + or — | BARLEY Yesterdys close | + or — |
|---|---|---|---|---|
| May | 118.10 | +0.15 | 112.60 | -0.15 |
| July | 120.75 | -0.05 | — | — |
| Sept | 99.90 | +0.15 | 99.00 | -0.05 |
| Nov | 103.20 | +0.10 | 102.55 | -0.15 |
| Jan | 106.79 | — | 106.19 | -0.15 |
| Mar | 110.00 | +0.25 | 109.20 | -0.15 |

LONDON GRAINS—Wheat: U.S. dark northern spring No. 1 15 per cent, June 145.50, July/Aug 145, Sept 143 sellers transhipment East Coast. U.S. No. 2 soft red winter, June 128.50, Jul 126.60, Aug 130, Sept 131.50 sellers. EC harvest, 113 quoted. English feed fob, June 124, Oct/Dec 106 sellers East Coast. Maize: U.S. No. 3 yellow/French transhipment East Coast, May 150. Barley: English fob, July 99.00, Aug 99.50 sellers East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 113.50, E. Mids 114.20, Scotland 112.70. The UK monetary coefficient for the week beginning Monday May 27 (based on HGCA calculations using 3 days' exchange rates) is expected to change to 0.978.

### PIGMEAT

| Month | Yesterdays close | Previous close | Business done |
|---|---|---|---|
| | p. per kilo (deadweight) | | |
| June | 108.40 | 107.69 | 108.50-107.50 |
| Aug. | 102.00 | 102.00 | 102.50-102.00 |
| Oct | 107.00 | 107.00 | 107.50-107.00 |
| Nov | 107.10 | 107.19 | 107.50-107.00 |
| Feb | 89.80 | 100.90 | — |
| April | 100.50 | 100.40 | — |

### COFFEE

| COFFEE | Yesterd'ys Close | + or — | Business Done |
|---|---|---|---|
| May | 2040-46 | -17.8 | 2057-40 |
| July | 2083-85 | -26.5 | 2110-83 |
| Sept. | 2122-25 | -34.9 | 2157-05 |
| Nov. | 2158-64 | -53.9 | 2186-65 |
| Jan | 2185-99 | -33.5 | 2210-80 |
| March | 2160-85 | -89.9 | 2199 |
| May | 2160-00 | -15.9 | — |

Sales: 2,108 (1,953) lots of 5 tonnes. ICO indicator prices (U.S. cents per pound) for May 16: Comp. daily 1979 131.85 (121.91); 15-day average 132.04 (132.59).

### SUGAR

LONDON DAILY PRICE—Raw sugar $64.00 ($67.00), down $2.00 (down £1.00) a tonne for May-June delivery. White sugar $129.00, down $2.00.

| No. 6 Contract | Yest'day's close | Previous close | Business done |
|---|---|---|---|
| | $ per tonne | | |
| Aug | 96.6-96.8 | 95.4-96.2 | 98.8-92.2 |
| Oct | 00.6-99.8 | 99.8-96.5 | 100.8-95.2 |
| Dec | 105.6-106.0 | 102.6-105.2 | 105.0-101.0 |
| Mar | 118.0-118.2 | 115.2-115.6 | 118.0-115.4 |
| May | 122.0-123.0 | 119.6-120.6 | 188.0-119.0 |
| Aug | 127.6-128.0 | 125.0-126.0 | 127.6-124.0 |
| Oct | 131.2-132.0 | 129.0-130.0 | 130.8 |

Sales: 2,147 (949) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £173.50 (£174.50) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports). Prices for May 16: Daily price 2.75 (2.77); 15-day average 2.87 (2.88).

### RUBBER

PHYSICALS—The London market opened slightly steadier, ruled erratically throughout the day and closed on a quiet note, reports Lewis and Peat. Closing prices (buyers): spot 64.00p (same); July 67.25p (same); Aug 67.75p (same). The Kuala Lumpur fob price for RSS No. 1 was 193.5 (181.25) cents a kg and for SMR 20 was 181.00 (180.5).

## AMERICAN MARKETS

HEATING OIL declined on continued rumours that Iran was discounting its crude sales and that Nigeria has been in continued violation of its Opec production quota, reports Heinold Commodities. The soyabean complex was supported by higher nearby oil prices while meal was sharply lower, forcing soyabeans lower on the close. Maize closed fractionally lower on commercial selling while wheat traded mixed with deferred futures under pressure from spreads. The precious metals showed a steady tone on a recovery in currencies against the dollar along with continued expectations of a discount rate cut. Copper weakened as selling developed in anticipation of a build-up in LME stocks. Aluminium was slightly lower in sympathy with copper. Sugar firmed on short-covering.

### NEW YORK

**ALUMINIUM 40,000 lbs, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| May | 48.55 | — | — | 48.90 |
| June | 48.80 | 48.65 | 48.65 | 49.12 |
| July | 49.15 | 49.30 | 49.00 | 49.45 |
| Sept | 49.90 | 49.95 | 49.80 | 50.20 |
| Dec | 51.05 | — | — | 51.35 |
| Jan | 51.40 | — | — | 51.70 |
| March | 52.15 | — | — | 52.45 |
| May | 52.80 | — | — | 53.25 |
| July | 53.65 | — | — | 54.05 |
| Sept | 54.40 | — | — | 54.85 |

**COCOA 10 tonnes, $/tonne**

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| July | 2046 | 2064 | 2038 | 2038 |
| Sept | 2045 | 2065 | 2040 | 2032 |
| Dec | 2030 | 2042 | 2015 | 2012 |
| March | 2038 | 2040 | 2025 | 2026 |
| May | — | — | — | 2065 |
| July | 2055 | — | — | 2026 |

**COFFEE "C" 37,000 lbs, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| May | 143.88 | 43.80 | 43.00 | 43.33 |
| July | 144.17 | 44.35 | 43.00 | 43.31 |
| Sept | 144.72 | 44.80 | 43.50 | 43.84 |
| Dec | 144.20 | 44.40 | 43.40 | 43.60 |
| March | 13.60 | 43.60 | 42.85 | 43.50 |
| May | 142.76 | — | — | 42.50 |
| July | 141.75 | 42.50 | 42.50 | 42.21 |

**COPPER 25,000 lbs, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| May | 63.50 | 63.85 | 63.50 | 63.75 |
| June | 63.70 | — | — | 64.00 |
| July | 64.19 | 64.65 | 64.05 | 64.40 |
| Sept | 64.60 | 65.40 | 64.75 | 65.19 |
| Dec | 65.60 | 64.20 | 65.60 | 65.60 |
| Jan | 65.85 | — | — | 66.00 |
| March | 66.35 | 66.60 | 66.30 | 66.35 |
| May | 66.75 | 67.00 | 67.00 | 66.75 |
| July | 67.15 | 67.50 | 67.30 | 67.20 |
| Sept | 67.55 | 68.00 | 68.00 | 67.80 |

**COTTON 50,000 lbs, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| July | 65.06 | 95.15 | 64.77 | 65.05 |
| Oct | 63.73 | 63.80 | 63.60 | 63.65 |
| Dec | 63.77 | 63.88 | 63.66 | 63.78 |
| March | 64.82 | 64.80 | 64.30 | 64.80 |
| May | 65.50 | 65.50 | 65.50 | 65.43 |
| July | 65.85 | 65.80 | 68.70 | 65.60 |

**CRUDE OIL (LIGHT) 42,000 US gallons, $/barrel**

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| June | 27.82 | 27.95 | 27.79 | 27.93 |
| July | 26.94 | 27.67 | 26.92 | 27.10 |
| August | 26.52 | 26.55 | 26.44 | 26.58 |
| Sept | 26.36 | 26.38 | 26.28 | 26.62 |
| Oct | 26.31 | 26.36 | 26.25 | 26.25 |
| Nov | 26.34 | 26.35 | 26.23 | 26.32 |
| Dec | 26.23 | 26.31 | 26.15 | 26.30 |

**GOLD 100 troy oz, $/troy oz**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| May | 320.1 | — | — | 320.5 |
| June | 321.0 | 323.2 | 320.5 | 321.5 |
| July | 322.8 | — | — | 323.4 |
| August | 324.5 | 327.5 | 324.2 | 325.4 |
| Oct | 329.0 | 331.8 | 328.5 | 329.8 |
| Dec | 333.4 | 336.5 | 333.8 | 334.8 |
| Feb | 338.2 | 340.8 | 340.8 | 338.8 |
| April | 343.0 | 345.4 | 345.0 | 343.8 |
| June | 348.2 | — | — | 348.8 |
| August | 353.6 | — | — | 354.2 |
| Oct | 359.1 | — | — | 359.7 |
| Dec | 364.9 | — | — | 365.5 |
| Feb | 371.1 | 374.2 | 374.2 | 371.7 |

**HEATING OIL 42,000 US gallons, cents/US gallon**

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| June | 70.25 | 70.50 | 69.94 | 70.15 |
| July | 68.95 | 69.30 | 68.80 | 69.24 |
| August | 69.90 | 69.90 | 69.50 | 70.00 |
| Sept | 70.45 | 70.65 | 70.40 | 70.80 |
| Oct | 71.30 | 71.30 | 71.30 | 71.90 |
| Nov | — | — | — | 72.70 |
| Dec | 73.10 | 73.05 | 73.00 | 73.50 |
| Feb | — | — | — | 74.05 |

SPOT PRICES—Chicago loose lard 18.50 (20.00) cents per pound. New York tin 553.8 (555.8) cents per pound. Handy and Harman silver bullion 651.0 (651.0) cents per troy ounce.

**ORANGE JUICE 15,000 lbs, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| May | 151.20 | 54.00 | 51.00 | 55.50 |
| Sept | 148.60 | 49.25 | 47.80 | 50.70 |
| Nov | 147.45 | 47.45 | 46.25 | 48.85 |
| Jan | 146.95 | — | — | 48.35 |
| March | 146.95 | — | — | 48.35 |
| May | 146.95 | — | — | 48.36 |
| July | 146.95 | — | — | 48.35 |

**PLATINUM 50 troy oz, $/troy oz**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| May | 279.3 | — | — | 277.2 |
| June | 280.2 | — | — | 278.1 |
| July | 281.9 | 285.5 | 280.5 | 279.8 |
| Oct | 287.0 | 289.9 | 286.5 | 284.9 |
| Jan | 292.9 | 292.5 | 292.0 | 290.8 |
| April | 298.9 | 298.8 | 296.8 | 296.8 |

**SILVER 5,000 troy oz, cents/troy oz**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| May | 649.2 | 650.9 | 646.9 | 647.5 |
| June | 651.1 | 655.0 | 653.2 | 649.5 |
| July | 655.2 | 660.2 | 651.9 | 653.5 |
| Sept | 663.7 | 668.5 | 660.0 | 662.2 |
| Dec | 677.5 | 682.2 | 675.0 | 676.2 |
| Jan | 682.4 | — | — | 681.2 |
| March | 691.9 | 696.9 | 689.9 | 690.8 |
| May | 702.3 | 705.9 | 705.0 | 701.4 |
| July | 713.3 | 718.9 | 716.2 | 712.8 |
| Sept | 725.1 | — | — | 724.8 |

**SUGAR WORLD "11" 112,000 lbs, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| July | 3.11 | 3.12 | 2.92 | 3.00 |
| Sept | 3.21 | 3.21 | 3.08 | 3.13 |
| Oct | 3.38 | 3.39 | 3.18 | 3.25 |
| Jan | 3.73 | 3.85 | 3.65 | 3.63 |
| March | 4.22 | 4.23 | 4.00 | 4.07 |
| May | 4.89 | 4.41 | 4.24 | 4.30 |
| July | 4.57 | 4.58 | 4.45 | 4.51 |
| Sept | 4.69 | — | — | 4.63 |
| Oct | 4.95 | 4.81 | 4.80 | 4.84 |

### CHICAGO

**LIVE CATTLE 40,000 lb, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 63.67 | 63.82 | 63.47 | 63.95 |
| August | 64.72 | 64.85 | 64.50 | 64.57 |
| Oct | 63.15 | 63.17 | 62.95 | 63.12 |
| Dec | 64.20 | 64.25 | 63.97 | 64.15 |
| Feb | 65.05 | 65.05 | 64.60 | 64.95 |
| April | 65.95 | 65.95 | 65.75 | 65.90 |

**LIVE HOGS 30,000 lb, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 46.87 | 46.97 | 46.85 | 48.50 |
| July | 49.45 | 49.70 | 48.10 | 49.15 |
| August | 49.75 | 49.80 | 49.30 | 49.30 |
| Oct | 46.82 | 47.12 | 46.60 | 46.77 |
| Dec | 47.85 | 47.60 | 47.80 | 47.87 |
| Feb | 48.75 | 48.80 | 48.55 | 48.55 |
| April | 45.75 | 45.65 | 45.72 | 45.60 |
| June | 47.95 | 47.95 | 47.95 | 47.90 |
| July | 48.90 | 43.10 | 48.80 | 49.19 |

**MAIZE 5,000 bu min, cents/56-lb bushel**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| May | 281.0 | 281.5 | 281.0 | 281.2 |
| July | 276.4 | 278.0 | 278.4 | 277.9 |
| Sept | 263.2 | 265.6 | 263.9 | 265.4 |
| Dec | 259.0 | 261.8 | 258.6 | 261.9 |
| March | 267.2 | 269.0 | 267.0 | 268.8 |
| May | 272.0 | 272.0 | 271.6 | 272.3 |
| July | 274.0 | 275.0 | 274.0 | 275.0 |

**PORK BELLIES 38,000 lb, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| May | 63.80 | 64.05 | 62.40 | 62.25 |
| July | 65.27 | 65.45 | 63.67 | 63.67 |
| August | 64.62 | 64.80 | 62.60 | 63.02 |
| Feb | 72.85 | 72.90 | 77.55 | 71.90 |
| March | 72.28 | 72.25 | 71.85 | 71.60 |
| May | 73.47 | 73.47 | 73.47 | 73.00 |
| July | 73.95 | 73.95 | 73.75 | 73.90 |

**SOYABEANS 5,000 bu min, cents/60-lb bushel**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| May | 577.2 | 582.0 | 575.4 | 581.0 |
| July | 571.5 | 577.4 | 570.4 | 576.0 |
| August | 572.6 | 577.4 | 571.2 | 576.4 |
| Sept | 572.2 | 577.9 | 571.4 | 575.4 |
| Nov | 580.2 | 585.8 | 578.4 | 583.2 |
| Jan | 590.6 | 596.0 | 589.4 | 593.6 |
| March | 601.4 | 605.4 | 600.2 | 604.8 |
| May | 609.4 | 613.0 | 609.4 | 612.8 |
| July | 615.2 | 618.8 | 615.2 | 618.4 |

**SOYABEAN MEAL 100 tons, $/ton**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| May | 120.3 | 123.6 | 120.2 | 122.7 |
| July | 124.5 | 127.3 | 124.5 | 126.9 |
| August | 127.4 | 130.0 | 127.3 | 129.8 |
| Sept | 130.1 | 132.6 | 130.1 | 132.6 |
| Oct | 132.9 | 135.0 | 132.8 | 135.0 |
| Dec | 138.4 | 140.8 | 138.3 | 140.6 |
| Jan | 140.8 | 144.0 | 140.6 | 142.9 |
| March | 145.8 | 147.2 | 145.5 | 147.5 |
| May | 149.0 | — | — | 151.3 |
| July | 154.5 | 155.0 | 154.0 | 155.3 |

**SOYABEAN OIL 60,000 lb, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| May | 31.49 | 31.49 | 31.02 | 30.89 |
| July | 29.58 | 29.90 | 29.45 | 29.42 |
| August | 28.97 | 28.90 | 28.56 | 28.57 |
| Sept | 28.07 | 28.10 | 27.80 | 27.85 |
| Oct | 27.15 | 27.30 | 26.95 | 27.05 |
| Dec | 26.38 | 26.55 | 26.20 | 26.32 |
| Jan | 25.98 | 26.20 | 25.90 | 26.00 |
| March | 25.69 | 25.82 | 25.50 | 25.72 |
| May | 25.30 | — | — | 25.30 |

**WHEAT 5,000 bu min, cents/60-lb bushel**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| May | 341.5 | 343.0 | 341.0 | 341.4 |
| July | 318.0 | 319.9 | 318.0 | 318.2 |
| Sept | 318.0 | 315.9 | 318.0 | 319.2 |
| Dec | 328.4 | 330.0 | 328.0 | 329.2 |
| March | 328.4 | 330.4 | 328.4 | 329.2 |
| May | 325.0 | 327.0 | 325.0 | 326.0 |

# LONDON STOCK EXCHANGE

## MARKET REPORT

# Leading shares abandon early attempt to improve but undertone remains firm

**Account Dealing Dates**

| *First Dealings | Option Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Apr 29 | May 9 | May 10 | May 20 |
| May 13 | May 30 | May 31 | June 10 |
| June 3 | June 13 | June 14 | June 24 |

* "New-time" dealings may take place from 9.30 am two business days earlier.

London equities closed the first leg of the three week trading Account on a subdued note yesterday. Top-quality stocks made an early attempt to improve but the movement was abandoned before midday and the volatility, which emerged on two previous occasions earlier in the week, reappeared. Some selling of selected industrial shares developed but the total volume was far less than the business encountered during Tuesdays' speculative sell-off and the shake-out two sessions later in high technology issues.

The market's latest display of indecision — early on Thursday the FT Ordinary share index flirted with its all-high high — was a restraining influence on trade. Some investors began to doubt a continuation of the advance to peak levels, despite favourable domestic and American pointers. The latest UK industrial production figures were encouraging, while prospects for a more general fall in U.S. interest rates improved following mixed signals on the pace of the economy.

Last month's rise in UK inflation — the year-on-year figure rose to 6.9 per cent — was broadly in line with expectations but shortly after the announcement leading shares began to drift back from marginally higher levels. The downward tendency gained momentum to thin afternoon dealings and the FT Ordinary share index, which had posted a gain of 1.4 at 11 am, closed a net 4.2 lower at 1,008.3; on the week, the index was 6.4 up. Institutional business was light with City attendance affected by the National Association of Pension Fund's annual conference.

Interest in Gilt-edged stocks was restricted throughout official dealings by the prospect of new Government funding. Short-dated issues managed fractional improvements on interest rate hopes but the longer maturities gave ground. Soon after the 3.30 pm close, the authorities announced the issue of three tranches of existing index-linked Gilts, totalling £400m, which will be made available to the market from Monday. Late in the day conventional stocks edged slightly higher but index-linked eased.

### Guinness Peat up

The banking sector was notable for a revived interest in Guinness Peat, which moved up 4 to 76p ahead of next Wednesday's interim results; the rise was accompanied by vague rumours concerning the possible flotation of its Fenchurch Insurance offshoot or the imminent sale of its 25 per cent stake in Britannia Arrow, which hardened a penny to 106p. Elsewhere, Clive Discount softened a penny more for a two-day fall of 8 to 50p as speculative positions were unwound after Thursday's poor results. Gerrard and National gained 10 to 335p, buyers taking an optimistic view of the preliminary statement, due Tuesday.

Commercial Union, still reflecting a broker's "sell" recommendation in the wake of the first-quarter results, lost 6 more to 218p. Other Composites gave further ground with General Accident, 598p, and Sun Alliance, 465p, down 5 apiece. Lloyd's Broker C. E. Heath jumped 15 more for a two-day rise of 32 at 612p on the results, but Hogg Robinson, currently engaged in merger discussions with Heath, softened a few pence to 286p. Minet remained friendless on fears that the losses incurred by its Richard Beckett underwriting agency could exceed £130m; The shares ended the day 2 easier and 15 down on the week at a 1985 low of 215p.

Leading breweries traded in quiet fashion ahead of the dividend season which starts next week. Bass attained a new peak of 565p but eased later to settle a couple of pence lower on balance at 560p; Wednesday's interim results are expected to reveal pre-tax profits of just over £100m. Whitbread, scheduled to announce annual results the same day, gave up 2 more to 211p. Elsewhere, Distillers, supported earlier in the week amid vague takeover chatter, encountered profit-taking and closed 5 lower at 293p. In contrast, cider makers H. P. Bulmer met occasional interest and improved 7 to 148p.

Leading Building issues retained a distinctly firm appearance. Tarmac continued to attract buyers and rose 8 more to 572p for a gain on the week of 26, while BPB Industries moved up 5 to 255p. Redland firmed 4 to 304p, as did RMC, to 382p. George Wimpey attracted speculative buying at 117p, up 2, while Higgs and Hill continued to reflect Trafalgar House bid hopes with a fresh rise of 13 to 373p. SGB hardened a couple of pence to 168p following acquisition news. Against the trend, Feb International shed 7 to 105p and the A 8 to 82p following disappointing annual results. Ruberoid encountered selling in the wake of Thursday's annual meeting and slipped to 198p prior to closing 8 lower at 202p. "Sell" advice from brokers Scrimgeour, Kemp-Gee prompted a sharp reaction in F. J. C. Lilley which shed 5 to 63p, after 61p.

Still unsettled by the Micro Focus slump in annual profits, high technology stocks encountered fresh nervous offerings. Micro Focus, which more than halved on Thursday, managed a small improvement of 25 to 350p, but losses of around 10 were recorded in Cray Electronics, 245p, Logica, 250p, Memcom, 255p, and Crystalate, 163p, the last-named ahead of Monday's interim statement. Comment on the preliminary figures left CASE a further 14 down at 258p. Against the trend, Energy Services improved 10 to 107p on the share exchange offer from H. Brammer, 10 lower at 304p; earlier in the week, Peek Holdings lapsed its bid for Energy Services after coming very close to gaining 50 per cent acceptances. Emess Lighting, still on acquisition news, rose 10 further to 245p. Among the leaders Cable and Wireless met with profit-taking and fell 25 to 575p.

### W. H. Smith good late

Numerous features emerged among secondary Stores. W. H. Smith "A," after a quiet "house" session, came alive after-hours on revived talk of a bid from Guinness and closed 8 higher at a 1985 peak of 238p. Rayford Supreme, despite a reported bid denied from Harris Queensway, jumped 35 to 215p, after 220p, on takeover speculation. Lincroft Kilgour jumped 13 to 170p, excited by the announcement that Mr Peter de Savary had increased his stake in the company to nearly 16 per cent. Comment on the Stormguard bid situation left Sellincourt 1½ dearer at 30½p, while favourable reports emanating from a brokers' lunch with the group helped Freemans put 8 to 220p; Grattan rose 6 to 220p in sympathy. Goldsmiths added 4 to 232p awaiting Monday's results and Millets rose 5 afresh to 168p following renewed demand ahead of Thursday's annual figures. Executex edged forward a couple of pence to 29p after details of the property sale. Among the leaders, Debenhams hardened 2, but closed 9 lower on the week at 308p on Burton's strong bid denial; the latter fell 6 to 460p. Marks and Spencer lacked support at 137p, down 3.

Among Engineerings, Vickers closed 8 to the good at 328p on further consideration of Reliance Group Holdings' increased stake in the company. TI came to life with a rise of 10 to 250p, after 254p, amid revived bid talk, while Clayton Son featured a rise of 13 to 113p, after 120p, following Press mention. Demand for Babcock, up 7 at 161p, was accompanied by talk of a broker's favourable circular. APV were noteworthy for a gain of 14 to 261p, while West Bromwich Spring, reflecting the preliminary figures, put on 3 to 13p.

Possible takeover targets continued to attract the lion's share of attention in Foods. Ranks Hovis McDougall were prominent at 165p, up 6, following a Press suggestion that Hanson Trust had approached S. & W. Berisford for its 14.9 per cent stake in the company; Berisford firmed 4 to 172p. Kwik Save attracted fresh demand on vague takeover rumours and hardened 2 to 210p for a gain of 22 over the five day period. Elsewhere, Iceland Frozen Foods met with further buying interest in the wake of Thursday's annual meeting and rose 9 to 502p.

Grand Metropolitan remained under pressure following Thursday's cautious Press comment on the interim results and shed 10 for a two-day fall of 25 to 295p.

### Cookson revive

Inclined firmer initially, leading miscellaneous industrial eventually settled a shade easier on balance. Occasional demand, however, left Hanson Trust 4 firm at 231p. Elsewhere, Cookson, a dull market earlier in the week, met with investment demand and touched 695p before closing 25 dearer on balance at 685p. British Aerospace partly-paid shares met with persistent small selling and gave up 6 to 240p, but F. H. Tomkins responded to news of the proposed £11.7m rights issue, dividend and profits forecast with a rise of 9 to 184p. Renewed buying lifted Office and Electronic Machines 16 to 196p, while Bridon improved 4 further to 147p on U.S. bid hopes. Robert Moss, 4 better at 101p, responded again to the increased dividend and annual profits, but Christies International encountered further selling at 547p, down 26. Revived speculative demand left Times Veneer 4 to the good at 51p, while Avon Rubber, up 5 more at 310p, continued to attract buyers ahead of Wednesday's interim statement. Bardsey, still reflecting the 2m share stake acquired by Mr R. F. Northcott, improved 1½ further to 9½p. Other bright spots included BET, 10 up at 308p, Gestetner, 6 higher at 113p, and Appledore, 7 dearer at 258p.

Among Leisure issues, recently firm Insight encountered profit-taking and slipped 6 to 134p, while Radio Clyde lost 5 to 43p following poor interim figures. Photax (London), at 48p, gave up half of Thursday's Press-inspired gain of 10, but Media Technology firmed 5 to 182p following an investment recommendation.

Two contrasting features emerged in Motors. Lucas advanced 8 afresh making a rise of 27 on the week at 297p following institutional support, but Reliant fell 7 to 52p in reply to the disappointing half-year figures.

The Property leaders barely stirred and it was again left to secondary issues to provide the occasional noteworthy movement. Control Securities, up 2½ at 41½p, continued to reflect Press comment, but Markheath Securities, down 2 more at 55p, remained on offer in the wake of the dismal results and rights issue proposal.

Nottingham Manufacturing featured Textiles, rising 12 to 212p in response to vague takeover gossip. Meanwhile, Yorklyde advanced 10 to 150p on the results and Munton revived with a speculative improvement of 3 at 19p. Supported earlier in the week on cash injection hopes, Harold Ingram relinquished 15 to 125p after profit-taking. Courtaulds softened a penny to 145p; the preliminary results are scheduled for May 28.

### Oils easier

An eventful week in the Oil sector finished on a rather drab note as oil price worries resurfaced. British Petroleum, which revealed first-quarter profits on Thursday, were 8 down at 545p on lack of support. Shell, the subject of American interest recently, softened 4 to 713p. Burmah were a penny off at 284p but still 28 higher over the five-day period on hopes of a bid from Heron International. Elsewhere, Caledonian Offshore gained 50 to 540p in a restricted market; on Thursday, the company stated that it knew of no reason for the recent movements in the share price. Energy Capital jumped 16 to 46p, a three-day gain of 24, on speculative buying.

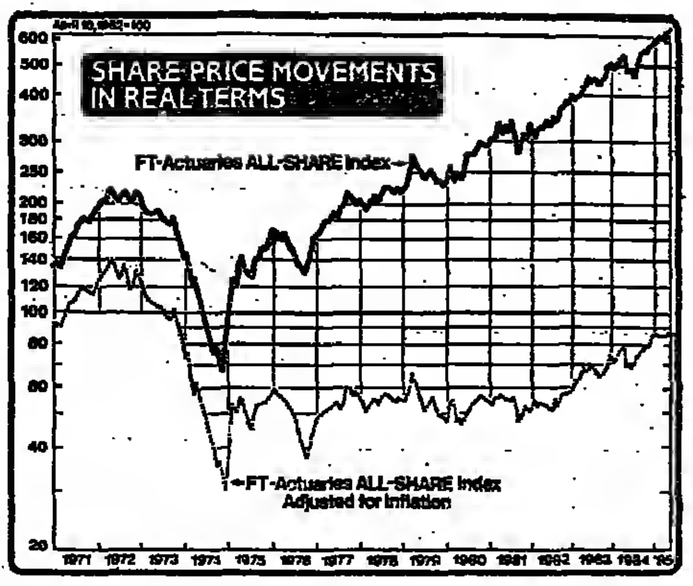
### Golds marginally lower

Turnover in South African Golds remained at a low ebb. London operators moved to the sidelines and with Cape and Continental sources reluctant to commit fresh funds after Thursday's Ascension Day break, prices edged lower from the outset. They later staged a minor rally on the back of a firmer bullion price but failed to consolidate the improvement and consequently retained modest losses. The FT Gold Mines index eased 4.7 to 484.1—a decline of 9.8 over the week.

Bullion, below $320 at the morning fixing, rallied to finish $2 better on balance at $322.50 per ounce.

Both UK and South African Financials gave ground in subdued trading, although De Beers managed a slight improvement to 428p, up 5.

Australians displayed marginal falls owing to profit-taking in recently buoyant Sydney and Melbourne markets. London-based investors again showed little enthusiasm. Leading diversified stocks reacted to the recent poor performance of copper, Western Mining closing 4 cheaper at 235p. The more speculative explorers were also subdued, although Carr Boyd hardened 2 more to 88p. Terrex Resources firmed a fraction further to 27½p; the shares have risen from 19 this week amid talk of stakebuilding by a major resource group.




## FINANCIAL TIMES STOCK INDICES

| | May 17 | May 16 | May 15 | May 14 | May 13 | May 10 | year ago |
|---|---|---|---|---|---|---|---|
| Government Secs. | 80.30 | 80.37 | 80.57 | 80.72 | 80.61 | 80.30 | 79.60 |
| Fixed Interest | 85.34 | 85.32 | 85.30 | 85.55 | 85.52 | 85.51 | 84.67 |
| Ordinary | 1008.3 | 1012.5 | 1022.5 | 1012.3 | 1016.8 | 1001.9 | 874.4 |
| Gold Mines | 484.1 | 488.8 | 490.0 | 511.5 | 497.1 | 493.9 | 537.8 |
| Ord. Div. Yield | 4.59 | 4.58 | 4.47 | 4.58 | 4.50 | 4.56 | 4.47 |
| Earnings, Yld.% (full) | 11.54 | 11.50 | 11.22 | 11.35 | 11.28 | 11.45 | 10.40 |
| P/E Ratio (net) (*) | 10.57 | 10.60 | 10.86 | 10.73 | 10.80 | 10.64 | 11.50 |
| Total bargains (Est.) | 24,479 | 36,740 | 28,607 | 29,351 | 27,877 | 27,236 | 21,000 |
| Equity turnover £m. | — | 445.67 | 456.2 | 487.0 | 439.7 | 514.46 | 338.24 |
| Equity bargains | — | 22,626 | 35,769 | 29,398 | 35,993 | 27,246 | 16,277 |
| Shares traded (ml) | — | 245.3 | 289.8 | 257.7 | 288.8 | 220.7 | 165.7 |

10 am 1013.2, 11 am 1013.8, Noon 1011.6, 1 pm 1008.3, 2 pm 1008.3, 3 pm 1007.0.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil=10.25.

## HIGHS AND LOWS

| — | 1985 High | 1985 Low | Since Compilat'n High | Since Compilat'n Low |
|---|---|---|---|---|
| Govt. Secs. | 83.00 (18/4) | 78.02 (28/1) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 86.12 (22/4) | 82.17 (28/1) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ordinary | 1024.3 (22/1) | 926.7 (3/1) | 1024.6 (22/1/85) | 49.4 (26/6/40) |
| Gold Mines | 536.2 (15/4) | 439.5 (25/1) | 734.7 (15/2/83) | 43.5 (26/10/71) |

## S.E. ACTIVITY INDICES

| | May 16 | May 15 |
|---|---|---|
| Daily Gilt Edged Bargains | 127.4 | 131.2 |
| Equities Bargains | 146.5 | 167.0 |
| Equities Value | 900.5 | 222.1 |
| 5day Average Gilt-Edged Bargains | 139.4 | 141.7 |
| Equities Bargains | 159.7 | 170.0 |
| Equities Value | 247.2 | 927.7 |

## LEADERS AND LAGGARDS

Percentage changes since December 31, 1984, based on Thursday, May 16, 1985.

| | | | |
|---|---|---|---|
| Telephone Networks | +31.95 | Industrial Group | + 7.60 |
| Insurance (Life) | +26.34 | Consumer Group | + 6.79 |
| Shipping and Transport | +22.12 | Textiles | + 6.73 |
| Newspapers, Publishing | +21.79 | Food Manufacturing | + 5.47 |
| Office Equipment | +19.71 | Overseas Traders | + 2.46 |
| Other Groups | +17.89 | Mining Finance | + 6.20 |
| Other Industrial Materials | +17.14 | Brewers and Distillers | + 5.63 |
| Metals and Metal Forming | +16.35 | Investment Trusts | + 5.52 |
| Stores | +15.14 | Merchant Banks | + 3.21 |
| Insurance (Composite) | +14.29 | Chemicals | + 4.79 |
| Motors | +13.78 | Building Materials | + 3.12 |
| Mechanical Engineering | +12.23 | Health and H'sehold Products | + 2.86 |
| Insurance Brokers | +11.70 | Gold Mines Index | + 2.07 |
| Oils | +11.69 | Property | + 0.27 |
| Food Retailing | +10.70 | Contracting, Construction | + 0.25 |
| Packaging and Paper | + 9.92 | Leisure | − 0.49 |
| Financial Group | + 9.50 | Capital Goods | − 0.87 |
| Banks | + 9.12 | Tobaccos | − 6.08 |
| All-Share Index | + 8.09 | Electricals | − 5.53 |
| 500-Share Index | + 8.06 | Electronics | −16.02 |

## OPTIONS

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| May 20 | June 7 | Aug 29 | Sept. 9 |
| June 10 | June 21 | Sept. 12 | Sept. 23 |
| June 24 | July 5 | Sept. 26 | Oct. 7 |

*For rate indications see end of Share Information Service*

Money was given for the call of Clive Discount, Energy Capital, Insight, Sears, Charterhall, Premier Oil, Barratt Developments, Bentalls, New Court Natural Resources, Falcon Resources, Burmah, Edmond Holdings, Trusthouse Forte and Birmid Qualcast. No puts were reported, but a double option was taken out in Falcon Resources.

## FT-ACTUARIES SHARE INDICES

**These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries**

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

| | | Fri May 17 1985 Index No. | Day's Change % | Est. Earnings Yield% (Max.) | Gross Div. Yield% (ACT at 30%) | Est. P/E Ratio (Net) | xd adj. 1985 to date | Thur May 16 Index No. | Wed May 15 Index No. | Tues May 14 Index No. | Year ago (approx.) Index No. | 1985 High | | 1985 Low | | Since Compilation High | | Since Compilation Low | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (208) | 554.79 | — | 10.12 | 4.04 | 12.33 | 7.11 | 554.73 | 558.09 | 554.21 | 510.22 | 577.15 | 22/1 | 529.99 | 25/2 | 577.15 | 22/1/85 | 50.71 | 13/12/74 |
| 2 | Building Materials (23) | 530.84 | +0.7 | 12.46 | 4.86 | 9.83 | 6.84 | 527.33 | 526.67 | 521.26 | 502.88 | 530.84 | 17/5 | 472.11 | 26/2 | 537.59 | 27/4/84 | 44.27 | 11/12/74 |
| 3 | Contracting, Construction (29) | 745.95 | +0.5 | 13.43 | 5.52 | 9.63 | 16.48 | 742.46 | 742.10 | 738.64 | 723.92 | 755.07 | 22/1 | 684.17 | 8/3 | 831.09 | 15/3/83 | 71.48 | 2/12/74 |
| 4 | Electricals (15) | 1493.10 | −0.7 | 10.49 | 4.88 | 12.04 | 27.85 | 1503.13 | 1505.75 | 1507.58 | 1657.81 | 1701.64 | 22/1 | 1478.18 | 25/2 | 1909.93 | 3/6/83 | 84.71 | 25/6/62 |
| 5 | Electronics (37) | 1629.85 | −0.4 | 9.14 | 3.10 | 14.09 | 13.77 | 1635.80 | 1655.10 | 1646.32 | 1726.69 | 1977.60 | 9/1 | 1622.58 | 9/4 | 2049.05 | 13/11/84 | 1581.70 | 31/5/84 |
| 6 | Mechanical Engineering (63) | 313.45 | +0.2 | 10.17 | 4.41 | 11.97 | 4.78 | 312.77 | 313.05 | 311.84 | 250.30 | 316.14 | 13/5 | 275.18 | 3/1 | 316.14 | 13/5/85 | 45.43 | 5/1/75 |
| 8 | Metals and Metal Forming (7) | 195.48 | +0.1 | 12.71 | 7.76 | 9.85 | 3.71 | 195.20 | 195.93 | 194.59 | 190.93 | 198.42 | 25/3 | 165.08 | 14/1 | 209.74 | 13/3/84 | 49.65 | 6/1/75 |
| 9 | Motors (17) | 163.93 | −0.1 | 13.46 | 5.14 | 9.10 | 3.09 | 164.17 | 165.01 | 165.31 | 139.83 | 175.89 | 15/3 | 142.57 | 3/1 | 175.89 | 15/3/85 | 19.91 | 6/1/75 |
| 10 | Other Industrial Materials (17) | 985.92 | — | 7.19 | 3.19 | 16.71 | 11.22 | 986.37 | 996.75 | 980.88 | 690.28 | 996.75 | 15/5 | 828.60 | 3/1 | 996.75 | 15/5/85 | 277.55 | 15/1/81 |
| 21 | CONSUMER GROUP (177) | 660.03 | −0.4 | 9.66 | 3.79 | 12.74 | 6.86 | 662.85 | 663.44 | 657.37 | 521.69 | 663.44 | 15/5 | 604.96 | 3/1 | 663.44 | 15/5/85 | 61.41 | 13/12/74 |
| 22 | Brewers and Distillers (23) | 595.74 | −1.2 | 11.33 | 4.56 | 10.95 | 3.72 | 602.73 | 605.95 | 596.63 | 525.18 | 605.95 | 15/5 | 550.86 | 3/1 | 605.95 | 15/5/85 | 69.47 | 13/12/74 |
| 25 | Food Manufacturing (20) | 513.21 | +0.1 | 11.89 | 4.68 | 10.58 | 9.54 | 512.90 | 512.87 | 508.07 | 393.50 | 513.86 | 12/3 | 473.30 | 3/1 | 513.86 | 12/3/83 | 59.67 | 11/12/74 |
| 26 | Food Retailing (13) | 1614.75 | −0.2 | 5.41 | 2.38 | 24.65 | 5.76 | 1618.22 | 1608.67 | 1595.43 | 1191.01 | 1618.22 | 16/5 | 1400.36 | 1/3 | 1618.22 | 16/5/85 | 54.25 | 11/12/74 |
| 27 | Health and Household Products (9) | 1046.85 | −0.1 | 6.25 | 2.69 | 18.71 | 5.75 | 1048.16 | 1048.75 | 1033.50 | 796.85 | 1088.57 | 22/1 | 980.65 | 11/4 | 1088.57 | 22/1/85 | 175.38 | 28/5/80 |
| 29 | Leisure (23) | 688.65 | −0.3 | 8.58 | 4.72 | 15.20 | 12.59 | 690.66 | 697.48 | 706.09 | 657.18 | 719.49 | 22/1 | 652.35 | 9/4 | 719.49 | 22/1/85 | 54.83 | 9/1/75 |
| 32 | Newspapers, Publishing (12) | 1777.70 | −0.3 | 6.74 | 4.27 | 19.17 | 32.34 | 1783.64 | 1781.71 | 1772.44 | 1367.04 | 1792.12 | 24/4 | 1445.15 | 3/1 | 1792.12 | 24/4/85 | 55.08 | 6/1/75 |
| 33 | Packaging and Paper (14) | 319.04 | −0.3 | 12.04 | 4.10 | 9.55 | 2.30 | 319.97 | 319.59 | 320.30 | 260.88 | 327.60 | 19/3 | 286.36 | 3/1 | 327.60 | 19/3/85 | 43.46 | 6/1/75 |
| 34 | Stores (41) | 633.13 | −0.5 | 7.70 | 3.22 | 17.50 | 5.00 | 636.55 | 640.95 | 634.49 | 476.47 | 640.95 | 15/5 | 529.47 | 19/2 | 640.95 | 15/5/85 | 52.63 | 6/1/75 |
| 35 | Textiles (19) | 322.69 | +0.6 | 16.55 | 4.71 | 6.99 | 3.78 | 320.64 | 321.11 | 320.12 | 294.84 | 341.97 | 11/3 | 293.07 | 3/1 | 341.97 | 11/3/85 | 62.66 | 11/12/74 |
| 36 | Tobaccos (3) | 846.48 | −0.9 | 17.61 | 5.07 | 6.37 | 17.44 | 854.43 | 841.99 | 832.05 | 611.36 | 1010.69 | 8/2 | 828.37 | 2/5 | 1010.69 | 8/2/85 | 94.34 | 13/6/62 |
| 41 | OTHER GROUPS (98) | 714.59 | −0.8 | 8.48 | 3.86 | 14.89 | 5.68 | 720.55 | 722.57 | 715.84 | 457.91 | 722.57 | 15/5 | 605.99 | 3/1 | 722.57 | 15/5/85 | 58.63 | 6/1/75 |
| 42 | Chemicals (17) | 755.26 | −0.4 | 13.76 | 4.90 | 8.98 | 14.95 | 757.95 | 759.22 | 753.47 | 608.06 | 832.26 | 22/2 | 710.88 | 3/1 | 832.26 | 22/2/85 | 71.20 | 1/12/74 |
| 44 | Office Equipment (4) | 186.02 | −1.1 | 7.08 | 4.52 | 17.52 | 3.52 | 188.03 | 187.08 | 184.09 | 128.48 | 190.38 | 11/3 | 154.76 | 3/1 | 246.06 | 1/9/72 | 45.34 | 2/1/75 |
| 45 | Shipping and Transport (12) | 1174.20 | −0.1 | 6.42 | 4.72 | 20.01 | 22.83 | 1175.68 | 1157.64 | 1155.82 | 889.32 | 1187.78 | 18/4 | 958.08 | 3/1 | 1187.78 | 18/4/85 | 90.80 | 29/6/62 |
| 46 | Miscellaneous (63) | 879.53 | +0.6 | 6.95 | 3.34 | 17.68 | 6.30 | 873.93 | 877.25 | 872.14 | 635.91 | 879.53 | 17/5 | 798.35 | 3/1 | 879.53 | 17/5/85 | 60.39 | 6/7/75 |
| 48 | Telephone Networks (2) | 907.95 | −2.0 | 7.37 | 3.54 | 17.71 | 0.70 | 926.80 | 932.01 | 919.98 | 0.0 | 932.01 | 15/5 | 701.92 | 3/1 | 932.01 | 15/5/85 | 517.92 | 30/11/84 |
| 49 | INDUSTRIAL GROUP (483) | 655.08 | −0.4 | 9.45 | 3.87 | 13.15 | 6.77 | 657.89 | 659.68 | 653.99 | 513.71 | 659.68 | 15/5 | 599.75 | 3/1 | 659.68 | 15/5/85 | 59.01 | 13/12/74 |
| 51 | Oils (17) | 1182.16 | −1.0 | 15.64 | 7.04 | 7.86 | 37.60 | 1194.41 | 1201.46 | 1179.33 | 1180.23 | 1239.75 | 15/2 | 1042.21 | 3/1 | 1239.75 | 15/2/85 | 87.23 | 29/5/62 |
| 59 | 500 SHARE INDEX (500) | 699.32 | −0.5 | 10.28 | 4.30 | 12.06 | 9.23 | 702.88 | 705.10 | 698.08 | 569.64 | 705.10 | 15/5 | 636.98 | 3/1 | 705.10 | 15/5/85 | 63.49 | 13/12/74 |
| 61 | FINANCIAL GROUP (114) | 474.29 | −0.5 | — | 5.27 | — | 8.31 | 476.57 | 478.74 | 475.55 | 375.50 | 478.74 | 15/5 | 430.10 | 4/1 | 478.74 | 15/5/85 | 55.88 | 13/12/74 |
| 62 | Banks (6) | 471.43 | −0.6 | 16.44 | 7.34 | 8.68 | 11.71 | 474.11 | 479.42 | 476.88 | 374.59 | 483.39 | 13/5 | 420.58 | 15/4 | 483.39 | 13/5/85 | 62.44 | 12/12/74 |
| 65 | Insurance (Life) (8) | 727.89 | −1.2 | — | 4.36 | — | 14.71 | 736.75 | 730.65 | 724.73 | 469.64 | 736.75 | 16/5 | 580.95 | 4/1 | 736.75 | 16/5/85 | 44.88 | 2/1/75 |
| 66 | Insurance (Composite) (7) | 352.30 | −1.0 | — | 5.54 | — | 8.53 | 356.03 | 363.76 | 358.72 | 274.77 | 363.76 | 15/5 | 303.16 | 25/2 | 363.76 | 15/5/85 | 43.96 | 13/12/74 |
| 67 | Insurance (Brokers) (7) | 1149.98 | −0.1 | 7.48 | 3.58 | 17.82 | 17.24 | 1151.15 | 1134.07 | 1113.83 | 737.14 | 1248.70 | 15/3 | 1011.88 | 4/1 | 1248.78 | 15/3/85 | 65.86 | 16/12/74 |
| 68 | Merchant Banks (11) | 235.25 | +0.6 | — | 4.06 | — | 1.22 | 233.81 | 233.01 | 232.41 | 231.20 | 248.76 | 16/1 | 220.65 | 3/1 | 278.57 | 1/5/72 | 31.21 | 7/1/75 |
| 69 | Property (50) | 642.78 | +0.1 | 5.73 | 3.59 | 23.78 | 3.28 | 642.19 | 642.19 | 639.77 | 561.08 | 653.36 | 13/5 | 613.65 | 25/2 | 653.36 | 13/5/85 | 56.01 | 20/4/65 |
| 70 | Other Financial (25) | 286.35 | — | 8.46 | 5.65 | 14.46 | 4.78 | 286.34 | 286.75 | 287.97 | 246.61 | 296.92 | 6/2 | 268.20 | 3/1 | 303.18 | 18/5/72 | 33.29 | 17/12/74 |
| 71 | Investment Trusts (106) | 603.22 | — | — | 3.36 | — | 5.96 | 602.89 | 600.86 | 600.85 | 495.41 | 635.62 | 7/3 | 564.72 | 3/1 | 635.62 | 7/3/85 | 71.12 | 13/12/74 |
| 81 | Mining Finance (4) | 290.07 | −0.3 | 11.01 | 5.45 | 10.63 | 5.29 | 290.84 | 293.70 | 297.02 | 298.88 | 311.08 | 15/4 | 269.78 | 7/1 | 337.57 | 10/4/84 | 66.31 | 30/9/74 |
| 91 | Overseas Traders (14) | 663.74 | −0.3 | 9.61 | 6.40 | 12.74 | 12.19 | 665.79 | 667.62 | 668.04 | 562.92 | 687.15 | 22/1 | 618.22 | 3/1 | 687.15 | 22/1/85 | 97.37 | 6/1/75 |
| 99 | ALL-SHARE INDEX (738) | 637.91 | −0.5 | — | 4.43 | — | 8.80 | 640.92 | 642.93 | 637.44 | 519.79 | 642.93 | 15/5 | 581.88 | 3/1 | 642.93 | 15/5/85 | 61.92 | 13/12/74 |
| | | Index No. | Day's Change | Day's High | Day's Low | May 16 | May 15 | May 14 | May 13 | May 10 | Year ago | | | | | | | | |
| | FT-SE 100 SHARE INDEX | 1327.4 | −8.7 | 1335.9 | 1327.1 | 1336.1 | 1342.4 | 1326.5 | 1333.0 | 1315.8 | 1104.9 | 1342.4 | 15/5 | 1206.1 | 3/1 | 1342.4 | 15/5/85 | 986.9 | 23/7/84 |

### FIXED INTEREST

| | PRICE INDICES | Fri May 17 | Day's change % | Thur May 16 | xd adj. today | xd adj. 1985 to date |
|---|---|---|---|---|---|---|
| | British Government | | | | | |
| 1 | 5 years | 116.78 | +0.13 | 116.62 | — | 4.52 |
| 2 | 5-15 years | 127.29 | — | 127.30 | — | 5.07 |
| 3 | Over 15 years | 133.86 | −0.03 | 133.89 | — | 3.47 |
| 4 | Irredeemables | 143.02 | — | 143.02 | — | 6.07 |
| 5 | All stocks | 126.35 | +0.04 | 126.30 | — | 4.70 |
| 6 | Debentures & Loans | 107.53 | −0.11 | 107.65 | — | 5.06 |
| 7 | Preference | 77.80 | — | 77.80 | — | 3.01 |

| | AVERAGE GROSS REDEMPTION YIELDS | | Fri May 17 | Thur May 16 | Year ago (approx.) | 1985 Highs | | 1985 Lows | |
|---|---|---|---|---|---|---|---|---|---|
| | British Government | | | | | | | | |
| 1 | Low | 5 years | 10.72 | 10.73 | 10.93 | 11.56 | 28/1 | 10.41 | 18/4 |
| 2 | Coupons | 15 years | 10.91 | 10.87 | 10.73 | 11.20 | 28/1 | 10.47 | 9/1 |
| 3 | | 25 years | 10.47 | 10.43 | 10.23 | 10.72 | 29/1 | 10.03 | 2/1 |
| 4 | Medium | 5 years | 11.69 | 11.70 | 11.67 | 12.39 | 28/1 | 11.14 | 9/1 |
| 5 | Coupons | 15 years | 11.20 | 11.18 | 11.20 | 11.63 | 28/1 | 10.79 | 18/4 |
| 6 | | 25 years | 10.68 | 10.67 | 10.51 | 10.97 | 29/1 | 10.29 | 15/4 |
| 7 | High | 5 years | 11.78 | 11.77 | 11.78 | 12.53 | 28/1 | 11.30 | 9/1 |
| 8 | Coupons | 15 years | 11.34 | 11.33 | 11.36 | 11.76 | 28/1 | 10.94 | 18/4 |
| 9 | | 25 years | 10.82 | 10.82 | 10.60 | 11.03 | 29/1 | 10.36 | 9/1 |
| 10 | Irredeemables† | | 10.23 | 10.22 | 10.12 | 10.49 | 28/1 | 9.98 | 31/12 |
| 11 | Debs & | 5 years | 12.27 | 12.24 | 12.02 | 12.63 | 29/1 | 11.73 | 2/1 |
| 12 | Loans | 15 years | 11.93 | 11.91 | 11.88 | 12.37 | 29/1 | 11.67 | 19/4 |
| 13 | | 25 years | 11.72 | 11.71 | 11.81 | 12.37 | 29/1 | 11.47 | 19/4 |
| 14 | Preference† | | 12.63 | 12.63 | 12.58 | 13.14 | 29/1 | 12.54 | 10/5 |

**BRITISH GOVERNMENT INDEX—LINKED STOCKS**

| | | Fri May 17 | Day's change % | Thur May 16 | xd adj. today | xd adj. 1985 to date | | | | Fri May 17 | Thur May 16 | Year ago | Highs | | Lows | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 8 | All stocks | 110.73 | −0.04 | 110.77 | — | 1.03 | 15 | Inflation rate | 5% | 3.55 | 3.43 | 3.42 | 3.55 | 17/5 | 3.11 | 11/3 |
| | | | | | | | 16 | | 10% | 3.36 | 3.26 | 3.23 | 3.37 | 17/1 | 2.94 | 11/3 |

| Equity section or group | Base date | Base value | Equity section or group | Base date | Base value |
|---|---|---|---|---|---|
| Telephone Networks | 30/11/84 | 517.92 | Food Manufacturing | 29/12/67 | 114.13 |
| Electronics | 30/12/83 | 1646.65 | Food Retailing | 29/12/67 | 114.13 |
| Other Industrial Materials | 31/12/80 | 287.41 | Insurance Brokers | 29/12/67 | 96.67 |
| Health/Household Products | 30/12/77 | 261.77 | Mining Finance | 29/12/67 | 100.00 |
| Other Groups | 31/12/74 | 63.75 | All Other | 10/04/62 | 100.00 |
| Overseas Traders | 31/12/74 | 100.00 | British Government | 31/12/75 | 100.00 |
| Mechanical Engineering | 31/12/71 | 153.84 | Do. Index-linked | 30/04/82 | 100.00 |
| Office Equipment | 16/01/70 | 162.74 | Debs. & Loans | 31/12/77 | 100.00 |
| Industrial Group | 31/12/70 | 126.20 | Preference | 31/12/77 | 76.72 |
| Other Financial | 31/12/70 | 128.06 | FT-SE 100 Index | 30/12/83 | 1000.00 |

† Flat yield. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

CONSTITUENT CHANGES: MFI Furniture Group (34) has been deleted and has been replaced by Church & Co (34).

## NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (77)

LOANS (1)
Inv. In. Ind. 11pc Uns. Ln. 88

AMERICANS (2)
Gt. Am. Fst. Svg. Bk. Signal Cos.

BANKS (2)
Bank of Ireland Kleinwort Benson

BUILDINGS (5)
Higgs and Hill Sindall (Wm.)
Tarmac
Taylor Woodrow Vectis Stone

CHEMICALS (2)

SHIPPING (1)
Turnbull Scott

TEXTILES (1)
Yorklyde

TRUSTS (7)
Ambrose Inv. Cap. Scottish Northern
Asset Special Sits. Ivory & Sime
Brit. Amer. & Gen. London Merch. 7½pc
Scottish Amer. Inv. Cnv. Uns. Ln. 2000-05

OILS (5)
Caledonian Offshore Fisherman's Pet.
Energy Capital

## RISES AND FALLS

| | Yesterday Rises | Falls | Same | On the week Rises | Falls | Same |
|---|---|---|---|---|---|---|
| British Funds | 27 | 24 | 56 | 209 | 153 | 165 |
| Corporations, Dom. and Foreign Bonds | 7 | 2 | 66 | 50 | 38 | 287 |
| Industrials | 220 | 304 | 862 | 1,576 | 1,822 | 4,336 |
| Financial and Props. | 92 | 87 | 369 | 600 | 481 | 1,860 |
| Oils | 15 | 26 | 74 | 127 | 134 | 362 |
| Plantations | 2 | 0 | 12 | 6 | 3 | 53 |
| Mines | 30 | 79 | 71 | 218 | 276 | 404 |
| Others | 43 | 58 | 77 | 262 | 311 | 613 |
| Totals | 434 | 630 | 1,617 | 3,242 | 2,728 | 7,702 |

## ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

| Stock | Closing price | Day's change | Stock | Closing price | Day's change |
|---|---|---|---|---|---|
| Brammer | 304 | −10 | Energy Services | 107 | +10 |
| Brit Aerospace | 240 | −6 | Grand Metropolitan | 295 | −10 |
| Cable & Wireless | 575 | −25 | Lilley (F. J. C.) | 63 | −5 |
| Coloroll | 185 | +10 | Prudential | 680 | −10 |
| Cookson | 685 | +25 | TI | 250 | +10 |
| Dataserv Inc. | 165 | +14 | Tomkins (F. H.) | 184 | +9 |

## THURSDAY'S ACTIVE STOCKS

## 5-DAY ACTIVE STOCKS

## RECENT ISSUES

### EQUITIES

### FIXED INTEREST STOCKS

### RIGHTS OFFERS

# STOCK EXCHANGE

Details of business done shown below have been taken consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3 30 pm on Thursday and settled through the Stock Exchange Talisman system. They are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. D Bargains done the previous day. ‡ Bargains done with non-member or executed in overseas markets.

STERLING ISSUES BY FOREIGN GOVERNMENTS AND INTERNATIONAL INSTITUTIONS

CORPORATION & COUNTY

UK PUBLIC BOARDS

FOREIGN STOCKS

STERLING ISSUES BY OVERSEAS BORROWERS

BANKS, DISCOUNT

BREWERIES

COMMERCIAL, INDUSTRIAL

A—B

C—D

E—F

G—H

I—J—K

L—M

N—O—P

Q—R—S

T—U—V

W—Y—Z

FINANCIAL TRUSTS

INSURANCE

INVESTMENT TRUSTS

MINES—MISCELLANEOUS

MINES—SOUTH AFRICAN

OIL

PROPERTY

PLANTATIONS

RAILWAYS

SHIPPING

UTILITIES

WATERWORKS

UNLISTED SECURITIES MARKET

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

RULE 535 (3)

Dealines for approied companles engaged solely in mineral exploration.

(None)

(By permission of the Stock Exchange Council)

OPTIONS TABLES

Yesterday's London Options table was not included due to technical problems. There was no trading in European options on Thursday, the Ascension Day public holiday in Europe.

## LONDON TRADED OPTIONS

May 17. Total contracts 6,816 Calls 5,403. Puts 1,413.

* Underlying security price.

## EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS: 10,463

A=Ask B=Bid C=Call P=Put

## APPOINTMENTS

# Managing director of Royal Crown Derby

Mr Hugh Gibson has been appointed managing director of the ROYAL CROWN DERBY PORCELAIN COMPANY. He is the director of overseas companies and inventory planning for Royal Doulton, the parent company, and he assumes management of Royal Crown Derby in addition to his existing responsibilities. Mr Gibson is a great-grandson of the first Lord Cowdray, who built up the Pearson Group, present owner of Royal Doulton, and of the Financial Times.

*

BRYSON OIL & GAS, Belfast, has appointed to the main board Mr David Parlons.

*

Following the acquisition of UniBond (Holdings) by Beecham Group, there is a new board line-up combining the executive managements of UniBond and Copydex acquired last year. The new company will be known as UNIBOND - COPYDEX. The merger becomes fully operational on July 1. The appointments are as follows: Mr Eric Lace, chairman; Mr Lee Bushby, managing director; Mr Ian Bushby, export director; Mr David Grimes, operations director; Mr Ron Handley, sales director; Mr David Holdham, marketing director; Mr Michael Reeve, finance director; and Mr Don Wells, special projects director.

*

Mr David Newman, recently recruited by KARDEX SYSTEMS (UK) to act as director of finance and personnel, has been formally appointed to the main board from June 1.

*

Mr Ron Wild has been appointed finance director of SPAR (UK). He was financial

# AUTHORISED UNIT TRUSTS & INSURANCES

**Pearl Trust Managers Ltd. (a)(g)(z)**
252, High Holborn, WC1V 7EB. 01-405 8441

| | | | | |
|---|---|---|---|---|
| Pearl Growth Fd. | 64.4 | 68.6xd | -0.1 | 3.10 |
| Accum Units | 95.2 | 101.3 | -0.2 | 3.10 |
| Pearl Inc. | 87.6 | 93.2xd | -0.2 | 5.05 |
| Pearl Unit Tst. | 93.6 | 99.6 | -0.2 | 3.98 |
| (Accum. Units) | 156.1 | 166.1 | -0.2 | 3.98 |

**Perpetual Unit Trust Mngmt. (a) (z)**
48, Hart Street, Henley on Thames. 0491 576868

| | | | | |
|---|---|---|---|---|
| Growth | 180.1 | 193.3 | (z) | 1.49 |
| Income | 137.5 | 147.3 | (z) | 5.30 |
| Worldwide Recovery | 105.5 | 113.2 | (z) | 2.10 |
| American Growth | 57.3 | 61.5 | (z) | 0.68 |
| Intl. Emerging Cos. | 58.5 | 62.8 | (z) | 0.80 |
| Far East Growth Fd. | 50.0 | 50.0 | (z) | — |

**Prolific Unit Trusts**
222, Bishopsgate, EC2. 01-247 7544/7

| | | | | |
|---|---|---|---|---|
| Prolific Far East | 106.5 | 114.1 | -0.1 | 0.49 |
| Prolific Extra Inc. | 62.0 | 66.0 | +0.3 | 5.75 |
| Prolific Gilt Cap. | 77.2 | 80.3xd | | 3.42 |
| Prolific High Inc. | 129.4 | 137.7xd | +0.2 | 5.04 |
| Prolific Intl. | 86.3 | 92.5xd | +0.1 | 1.54 |
| Prolific N. Amer. | 115.5 | 123.7xd | +0.1 | 1.95 |
| Prolific Spec. Sits. | 149.8 | 159.4 | +0.2 | 1.26 |
| Prolific Technology | 114.4 | 122.6 | -0.2 | 0.79 |

**Providence Capital Fd. Mgrs. Ltd.**
30 Uxbridge Road, London. W12 8PG. 01-749 9111

| | | | | |
|---|---|---|---|---|
| Japan Trust | 48.1 | 51.0 | -0.3 | 0.19 |
| Worldwide | 48.1 | 51.0 | | 1.60 |
| European Trust | 46.9 | 49.7 | -0.2 | 0.95 |
| North American | 51.5 | 54.6 | ... | 1.12 |
| UK Equity | 49.2 | 52.1 | -0.3 | 3.10 |

**Prudential Unit Trust Mngrs Ltd. (a) (b) (c)**
51-69, Ilford Hill, Ilford, Essex, IG1 2DL 01-478 3377

| | | | | |
|---|---|---|---|---|
| Prudential | 328.3 | 349.2xd | -1.5 | 3.52 |
| Holborn Gilt Tst. | 144.7 | 151.5xd | | 9.37 |
| Holborn High Inc. | 52.8 | 56.1 | +0.1 | 8.25 |
| Holborn Intl. | 57.2 | 60.6 | +0.1 | 0.51 |
| Holborn UK Growth | 63.6 | 67.8 | -0.2 | 2.53 |

**Quilter Management Co. Ltd.**
31-45 Gresham Street, EC2. 01-600 4177

| | | | | |
|---|---|---|---|---|
| Quadrant Gen. Fd. | 323.6 | 344.3 | +0.3 | 3.43 |
| Quadrant Income | 182.7 | 192.4 | +1.6 | 6.21 |
| Quadrant Intl. Fund | 306.6 | 322.8xd | ... | 1.51 |
| Quadrant Recovery | 202.4 | 213.1 | -5.8 | 3.50 |

**TSB Unit Trusts (b) (c) (y)**
PO Box 3, Keens Hse. Andover, Hants. SP10 1PG
0264 62188. Dealings to 0264 63432-3

| | | | | |
|---|---|---|---|---|
| TSB American | 96.8 | [illegible] | -0.5 | 1.20 |
| Do. Accum. | 99.7 | [illegible] | -0.5 | 1.20 |
| TSB Extra Income | 86.9 | [illegible] | ...... | 6.08 |
| Do. Accum. | 96.8 | [illegible] | .. | 6.08 |
| TSB General | 120.9 | [illegible] | -0.4 | 3.27 |
| Do. Accum. | 192.8 | [illegible] | -0.7 | 3.27 |
| TSB Gilt & Fxd Int. | 45.6 | [illegible] | ... | 10.01 |
| Do. Accum. | 55.2 | [illegible] | ... | 10.01 |
| TSB Income | 163.1 | [illegible] | -0.2 | 4.87 |
| Do. Accum. | 243.1 | [illegible] | -0.2 | 4.87 |
| TSB Pacific | 109.3 | [illegible] | ... | 1.07 |
| Do. Accum. | 111.1 | [illegible] | ... | 1.07 |
| TSB International | 227.5 | [illegible] | ... | 1.91 |
| Do. Accum. | 276.9 | [illegible] | +0.1 | 1.91 |
| Natural Resources | 50.0 | [illegible] | -0.5 | 2.82 |
| Do. Accum. | 50.4 | [illegible] | -0.5 | 2.82 |
| TSB Shld. Opps. | 48.0 | [illegible] | -0.1 | 2.39 |
| Do. Accum. | 51.6 | [illegible] | -0.2 | 2.39 |

**3i & Target Fund Mgrs Ltd**
Target House, Gatehouse Road, Aylesbury, Bucks Aylesbury (0296) 5941

| | | | | |
|---|---|---|---|---|
| Small Co's Fund | 72.0 | 77.0xd | -1.0 | 0.10 |

**Target Trust Mngrs. Ltd. (a)(g)**
Target Hse, Gatehse. Rd, Aylesbury Bks (0296) 5941

| | | | | |
|---|---|---|---|---|
| American Eagle | 67.4 | 72.1 | ... | 0.19 |
| Australia | 30.5 | 32.8 | -0.5 | 0.10 |
| Commodity | 101.1 | 108.7 | -0.7 | 1.54 |
| Energy | 47.3 | 50.6 | -0.4 | 0.65 |
| Equity | 102.9 | 109.8 | | 3.67 |
| European Spec. Sits. | 48.4 | 51.8 | +0.5 | 0.99 |
| Extra Income | 87.5 | 93.6 | .. | 7.54 |
| Financial | 204.8 | 218.5 | -0.5 | 2.92 |
| Gilt Capital | 207.6 | 217.4 | -0.2 | 3.25 |
| Gilt Income | 99.1 | 103.8xd | -0.2 | 9.37 |
| Gold Income | 69.3 | 74.5xd | -1.1 | 3.85 |
| Gold Acc. | 125.2 | 134.6 | -2.0 | 3.85 |
| Income | 60.4 | 64.9 | -0.2 | 5.77 |
| Investment Tst. | 99.3 | 105.7 | -0.1 | 1.28 |
| Japan | 44.3 | 47.3 | +0.3 | 0.10 |
| Malaysia & Singapore | 28.4 | 30.3xd | +0.4 | 0.88 |
| Pacific Income | 70.6 | 75.3 | +0.3 | 1.02 |
| Pacific Re Inv. | 85.4 | 91.5 | +0.4 | 1.02 |
| Preference Share | 15.1 | 16.3xd | | 10.72 |
| Professional | 485.3 | 517.7xd | +2.3 | 1.99 |
| Special Sits. | 87.3 | 93.9 | -0.1 | 1.84 |
| Technology | 42.2 | 45.1 | ... | 0.1 |
| U.S. Special Bond | 48.0 | 51.5 | ... | 6.48 |
| Worldwide Capital | 113.5 | 121.1 | -0.1 | 1.76 |
| Equity Exempt May 15 | 632.5 | 674.4xd | -40.9 | 2.49 |
| Equity Ex Acc May 15 | 1,162.1 | 1,239.4 | -27.4 | 2.49 |

## INSURANCES

هكذا من الأصل

# INSURANCE, OVERSEAS & MONEY FUNDS

## OFFSHORE AND OVERSEAS

**World Fund S.A.**
2 Boulevard Royal, Luxembourg
World Fund NAV ...... $10.93 | — | — | —

**World Wide Growth Management♦**
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd ...... $12.48 | — | -0.07 | —
Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

**Yamaichi Dynamic Mngt Co SA**
10A Boulevard Royal, Luxembourg
Advanced Tech ...... $9.26 | — | -0.12 | —
Dynamic Gwth Fd ...... $8.35 | — | -0.11 | —

# Money Market Trust Funds

| | Gross | Net | Gr Equiv CAR | Int Cr |
|---|---|---|---|---|
| **The Charities Deposit Fund** 77 London Wall, London EC2N 1DB. 01-588 1815 | | | | |
| Deposit | 12.4 | — | — | 3-Mth |
| **The Money Market Trust** 63 Qn Victoria St, EC4N 4ST. 01-236 0952 | | | | |
| Call Fnd | 12.51 | 9.38 | 13.09 | 6mth |
| 7-day Fnd | 12.66 | 9.47 | 14.07 | 6mth |
| **Oppenheimer Money Management Ltd** 66 Cannon St, EC4N 6AE. 01-236 1425 | | | | |
| Call Fnd | 12.14 | 9.07 | 13.38 | 6-Mth |
| 7-day Fund | 12.37 | 9.25 | 13.65 | 6-Mth |
| Dollar | 6.87 | — | — | 6-Mth |
| Money Mngt. Acct | 12.00 | 8.97 | 13.59 | 3-Mth |

# Money Market Bank Accounts

| | Gross | Net | Gr Equiv CAR | Int Cr |
|---|---|---|---|---|
| **Adam & Co. plc** 22 Charlotte Sq, Edinburgh, EH2 4DF. 031-225 8484 | | | | |
| Current Acc. | 12.25 | 8.75 | 13.09 | Qtr |
| **Aitken Hume** 30 City Road, EC1V 2AV. 01-638 6070 | | | | |
| Treasury Acc | 12.50 | 9.34 | 14.03 | Qtr |
| Mth. Int. Chq. | 12.375 | 9.25 | 14.05 | Mth |
| **Bank of Scotland** 38 Threadneedle St, EC2P 2EH. 01-628 8060 | | | | |
| Cheque Acc | 12.05 | 9.00 | 13.40 | Mth |
| **Barclays Prime Account** PO Box 125, Northampton. 0604 252891 | | | | |
| High Int. Cheque | 12.25 | 9.00 | 13.49 | Qtr |
| **Britannia Grp of Investment Companies** 29 Finsbury Circus, EC2M 5QL. 01-588 2777 | | | | |
| Cater Allen | 12.06 | 9.02 | 13.426 | Mth |
| **Charterhouse Japhet plc** 1 Paternoster Row, EC4M 7DH. 01-248 3999 | | | | |
| Sterling | 12.375 | 9.25 | 13.79 | Mth |
| U.S. Dollar | 8.00 | 6.98 | 8.30 | Mth |
| German Marks | 5.0 | 4.73 | 5.12 | Mth |
| Swiss Francs | 3.00 | 1.50 | 2.02 | Mth |
| Japanese Yen | 5.00 | 3.74 | 5.12 | Mth |
| **Citibank Savings** St. Martins Hse, Hammersmith Grove, W6 0NY. 01-748 9251 | | | | |
| Cheque Plus | — | 10.00 | 14.83 | Qtr |
| **Co-operative Bank Cheque & Save** 78-80 Cornhill EC3 01-626 6543 Ex 464 | | | | |
| £500-£2,500 | 11.0 | 8.22 | 12.11 | Qtr |
| £2,500+ | 13.00 | 9.72 | 14.40 | Qtr |
| **Dartington & Co Ltd** Dartington, Totnes, Devon TQ9 6JE. 0803 862271 | | | | |
| Money Mkt Acc | 12.75 | 9.53 | 14.37 | Qtr |
| **Edward Manson & Co Ltd** 9 Henrietta Place W1M 9AG. 01-631 3313 | | | | |
| Cheque Deposit Acc | 12.75 | 9.53 | 14.49 | Mth |
| **Henderson/Bank of Scotland** 38 Threadneedle St EC2P 2EH. 01-628 8060 | | | | |
| Money Mkt. Cheque Acc | 12.05 | 9.00 | 13.40 | Mth |
| **Lombard North Central PLC** 17 Bruton St, W1A 3DH. 01-409 3434 | | | | |
| 14-Day Notice | 12.75 | 9.53 | 13.61 | — |
| **M & G/Kleinwort Benson** 91-99 New London Rd, Chelmsford. 0245 51651 | | | | |
| H.I.C.A. | 12.26 | 9.16 | 13.66 | Daily |
| **Midland Bank plc** PO Box 2, Sheffield. 0742 20999 Ext 8738 | | | | |
| High Int Chq | 12.04 | 9.00 | 13.49 | Qtr |
| **Provincial Trust (formerly Choularton)** 30 Ashley Rd, Altrincham, Cheshire, WA1 2DW. 061-928 9011 | | | | |
| Cheque Acc | 12.80 | 9.57 | 14.56 | Mth |
| **Royal Bank of Scotland plc** 24 Lombard St, London EC3V 9BA. 031-557 0201 | | | | |
| Premium Account | 12.25 | 9.15 | 13.73 | Qtr |
| **Save & Prosper/Robert Fleming** 28 Western Rd, Romford RM1 3LB. 0708 66966 | | | | |
| H.I.B.A. | 12.05 | 9.01 | 13.46 | Daily |
| **Tyndall & Co** 29-33 Princess Victoria St, Bristol. 0272 732241 | | | | |
| Demand Acc | 12.35 | 9.24 | 13.85 | Qtr |
| Money Acc | 12.375 | 9.25 | 13.87 | Qtr |
| **J. Henry Schroder Wagg & Co Ltd** Enterprise House, Portsmouth. 0705 827733 | | | | |
| Special Acc | 12.10 | 9.06 | 13.70 | Mth |
| Over £10,000 | 12.35 | 9.23 | 14.02 | Mth |
| **Western Trust & Savings Limited** The Moneycentre, Plymouth PL 1SE. 0752 24141 | | | | |
| High Int Chq Acc | 12.69 | 9.48 | — | |

NOTES—Gross rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

### NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase.

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# LONDON SHARE SERVICE

## BRITISH FUNDS

| 1985 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| | | "Shorts" (Lives up to Five Years) | | | | |
| 100¼ | 99⅛ | Treas 11½pc 1985 | 99⅞ | ..... | 11.52 | 12.70 |
| 98½ | 97⅛ | Treas 8¾pcCnv '85 | 98⅜ | ..... | 8.83 | 12.41 |
| 101⅛ | 99⅛ | Exch. 12¾pc 1985 | 99⅞xd | ..... | 12.26 | 12.29 |
| 101⅛ | 99⅛ | Exch. 11¾pc '86 | 99¾ | ..... | 11.78 | 11.99 |
| 99¼ | 97⅛ | Treas. 10pcCnv 1986 | 98⅛ | ..... | 10.17 | 11.90 |
| 94⅞ | 92⅛ | Treas 3pc 1986 | 94⅝ | ..... | 3.17 | 8.74 |
| 100 | 97½ | Exch. 10½pc Cv '86 | 98¾ | ..... | 10.63 | 11.86 |
| 101⅞ | 99⅛ | Treas 12pc 1986 | 100⅛xd | +⅛ | 11.97 | 11.79 |
| 97⅛ | 94½ | Treas 8½pc 1984-86‡‡ | 96⅛ | ..... | 8.79 | 11.60 |
| 105⅛ | 102⅛ | Exch. 14pc 1986 | 102⅞ | ..... | 13.61 | 11.73 |
| 92⅛ | 87⅛ | Exch. 2½pc 1986 | 91⅞xd | –⅛ | 2.72 | 8.36 |
| 104⅛ | 102⅛ | Exch. 13¼pc 1987 | 102⅛ | ..... | 12.97 | 11.76 |
| 99⅛ | 96⅛ | Treas. 10¼pcCv '87 | 97⅛ | ..... | 10.49 | 11.68 |
| 93⅛ | 85⅛ | Exch. 2½pc 1987 | 89⅞ | –⅛ | 2.78 | 8.80 |
| 97⅛ | 96⅛ | Exch. 10½pc 1987 | 96⅛ | +⅛ | 11.70 | 11.61 |
| 93 | 89 | Funding 6½pc '85-87‡‡ | 92⅛ | +⅛ | 7.02 | 10.84 |
| 93⅛ | 95⅛ | Treas. 10pc 1987 | 97 | +⅛ | 10.32 | 11.70 |
| 38⅛ | 84⅛ | Treas 3pc 1987 | 88⅛ | +⅛ | 3.39 | 9.03 |
| 102⅛ | 99⅛ | Treas. 12pc 1987 | 100⅛ | +⅛ | 11.9[illegible] | 11.60 |
| 93⅛ | 90⅛ | Treas 7¾pc 1985-88‡‡ | 92½ | ..... | [illegible] | 11.03 |
| 98⅞ | 95⅛ | Exch 10½pc '88 | 97⅛xd | +⅛ | [illegible] | 11.54 |
| 96⅛ | 93⅛ | Treas 9½pc Cv '88 | 95⅛ | +⅛ | [illegible] | 11.57 |
| 84 | 80 | Transport 3pc '78-88 | 83⅛ | | [illegible] | 9.05 |
| 95⅛ | 91½ | Treas. 9½pc '88 | 93⅛ | +⅛ | [illegible] | 11.64 |
| 101⅛ | 97⅛ | Treas 11½pc 1989 | 99⅛ | +⅛ | [illegible] | 11.60 |

## AMERICANS—Cont.

| 1985 High | Low | Stock | Price £ | + or – | Div Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 22⅞ | 16¼ | Amer Medical Int $1 | 20 | –½ | [illegible] | — | 2.4 |
| 59¾ | 32 | Amer. Nat. Res. $1 | 51⅛xd | ..... | [illegible] | — | 2.1 |
| 20⅝ | 16¼ | American T. & T. $1 | 18⅞ | +⅛ | [illegible] | — | 5.1 |
| 79½ | 64¾ | Ameritech $1 | 69⅞ | –⅛ | [illegible] | — | 6.8 |
| 25 | 16 | Amfac‖ | 20⅞ | ..... | [illegible] | — | 5.5 |
| 47p | 29p | ♦AndTech‖ | 41p | +1 | — | — | — |
| 18½ | 15 | Bankamerica $1⅝ | 17⅛ | –⅛ | [illegible] | — | 6.9 |
| 60½ | 47 | Bankers N.Y. $10 | 57⅞xd | –1⅛ | [illegible] | — | 3.7 |
| 12⅛ | 829p | BASIX Corp. | 829p | –11 | [illegible] | — | — |
| 80⅛ | 65⅛ | Bell Atlantic $1 | 69½ | –⅛ | [illegible] | — | 7.7 |
| 34⅛ | 28⅛ | Bellsouth $1 | 30⅛ | | [illegible] | — | 6.6 |
| 19⅛ | 13 | ♦Beth Steel $8 | 15 | –⅛ | [illegible] | — | 2.4 |
| 24 | 16⅛ | Bowater Inc. | 17⅞ | –⅛ | [illegible] | — | 3.2 |
| 40⅛ | 31⅛ | Brown'g-Fer. 16⅔c | 34⅞ | –⅛ | [illegible] | — | 2.4 |
| 37⅞ | 26⅛ | Brunswick Corpn.‖ | 28 | –⅛ | [illegible] | — | 2.8 |
| 525p | 351p | ♦Business Computer | 365p | –28 | — | — | — |
| 39⅞ | 31⅛ | CPC Intnl. 25c | 33⅞xd | –⅛ | [illegible] | — | 5.1 |
| 25 | 18⅛ | CSX Corp U.S.$1.00 | 20 | ..... | [illegible] | — | 4.1 |
| 16⅛ | 13 | CalFed Inc $1.00 | 16⅛xd | +⅛ | [illegible] | — | 1.5 |
| 65⅛ | 51⅛ | Campbell Soup 60c | 51⅛ | –⅛ | [illegible] | — | 3.8 |
| 31⅞ | 24⅛ | Caterpillar Tractor‖ | 27⅛xd | +1⅛ | [illegible] | — | 1.4 |
| 902p | 680p | Cenergy Corp. 25c | 780p | –20 | [illegible] | — | 0.1 |
| 52⅛ | 40⅛ | Chase M'htn $12.5 | 46⅛xd | –⅛ | [illegible] | — | 6.4 |
| 38⅛ | 29⅛ | Chemical New York | 33½ | –⅛ | [illegible] | — | 5.5 |
| 34½ | 25⅛ | Chesebrough-Pond's $1 | 27⅞ | –⅛ | [illegible] | — | 5.4 |
| 32⅛ | 25⅞ | Chrysler $6¼ | 28⅛ | –⅛ | [illegible] | — | 2.8 |
| 42⅞ | 32⅞ | Citicorp $4 | 37⅞ | –1⅛ | [illegible] | — | 4.7 |
| 900p | 820p | City Fed Fin. Corp. | 879p | –21 | [illegible] | — | 3.6 |
| 23½ | 19⅛ | Colgate-P. $1 | 19⅛ | –⅛ | [illegible] | — | 5.1 |
| 57⅞ | 44 | Colt Inds. $1 | 45 | +⅛ | [illegible] | — | 4.4 |
| 155p | 40p | Cont Illinois Hldgs $1 | 49p | –1 | — | — | — |
| 238p | 100p | ♦Corporate Data Scnce. | 228p | +22 | — | — | — |
| 36⅛ | 28½ | Crown Zell. $5 | 32⅛ | –1 | [illegible] | — | 2.4 |
| 44⅛ | 20⅛ | Cullinet Sftwr $0.1 | 23½ | +⅛ | — | — | — |
| 506p | 304p | Damson Oil 40c | 370p | | — | — | — |
| 29 | 21⅛ | Data Corp. $1 | 21⅞ | +⅛ | [illegible] | — | 4.6 |
| 67 | 22⅛ | Data General | 38⅞ | –1 | — | — | — |
| 77p | 27p | ♦Derma-Lock Medical | 27p | ..... | — | — | — |
| 67 | 54⅛ | Dun & Bradstreet $1 | 59⅛xd | –⅛ | [illegible] | — | 2.5 |
| 55½ | 39⅞ | Eaton Corpn. 50c | 42⅛ | –⅛ | [illegible] | — | 2.2 |
| 46½ | 38⅛ | ♦Exxon‖ | 40⅝ | +⅛ | [illegible] | — | 6.6 |
| 20⅛ | 12⅛ | FPL Group $0.01 | 19⅞ | –⅛ | [illegible] | — | 7.5 |
| 974p | 447p | Fin. Corpn. Amer. 50c | 553p | –7 | [illegible] | — | 4.8 |
| 23⅛ | 17⅛ | First Chicago $5 | 20⅛ | –⅛ | [illegible] | — | 5.1 |
| 17⅛ | 12⅞ | Fluor Corpn. 62½c | 14⅞ | –⅛ | [illegible] | — | 2.1 |
| 45⅛ | 12⅛ | Ford Motor $2 | 32⅞ | +⅛ | [illegible] | — | 5.8 |

## BEERS, WINES—Cont.

| 1985 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 245 | 200 | Young Brew 'A' 50p | 208 | ..... | †5.5 | 2.0 | 3.8 | 18.6 |
| 165 | 130 | Do. Non. V. 50p | 138 | ..... | †5.5 | 2.0 | 5.7 | 12.3 |

## BUILDING, TIMBER, ROADS

| 1985 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 261 | 236 | [illegible] 50p | 254xd | +1 | [illegible] | 2.3 | 6.2 | 10.0 |
| 202 | 180 | [illegible] Consl. | 186xd | ..... | [illegible] | ♦ | 5.6 | ♦ |
| 310 | 190 | [illegible] Satellite 5p | 278 | –6 | [illegible] | 2.5 | 1.0 | 54.5 |
| 25½ | 18 | [illegible] Plant 5p | 21½ | –½ | [illegible] | — | — | — |
| 22 | 22 | [illegible] Ind Hldgs. | 22 | ..... | — | — | — | — |
| 56 | 29 | [illegible] 10p | 46 | ..... | [illegible] | ♦ | 0.3 | ♦ |
| 110 | 82 | [illegible] | 98 | –2 | [illegible] | 1.8 | 5.2 | 17.0 |
| 280 | 235 | [illegible] Inds. 50p | 255 | +5 | [illegible] | 3.5 | 3.9 | 9.2 |
| 266 | 206 | [illegible] Brick | 264 | –2 | [illegible] | 3.7 | 3.4 | 11.3 |
| 32 | 24 | [illegible] (Ben) 10p | 24 | ..... | [illegible] | 2.9 | ‡ | 4.4 |
| 40 | 25 | [illegible] (H. J.) 10p | 25 | –3 | — | — | — | 9.8 |
| 90 | 66 | [illegible] Dev. 10p | 84 | ..... | [illegible] | 1.1 | 13.0 | 10.3 |
| 135 | 111 | [illegible] | 130xd | ..... | [illegible] | 2.0 | 7.7 | 8.7 |
| 71 | 61 | Beaford M. 10p | 64 | ..... | 3.75 | 0.7 | 8.4 | (34.0) |
| *166 | 146 | ♦Berkeley Group | 156 | +2 | u3.6 | 2.6 | 3.5 | 18.7 |
| 64 | 50 | Bett Bros. 20p | 60 | ..... | d5.1 | 1.8 | 7.4 | 9.1 |
| 580 | 540 | Blockleys 20p | 580 | ..... | 21.0 | ♦ | 5.2 | ♦ |
| 553 | 468 | Blue Circle £1 | 550 | –3 | 20.0 | ♦ | 5.2 | ♦ |
| 222 | 190 | Breedon Lime | 218 | ..... | 8.9 | ♦ | 5.8 | ♦ |

## DRAPERY & STORES—Cont.

| 1985 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 550 | 375 | Liberty | 530xd | ..... | 6.4 | ♦ | 1.7 | ♦ |
| 340 | 200 | Do. Non Vtg. | 340xd | ..... | 6.4 | ♦ | 2.7 | ♦ |
| £37⅞ | £22½ | Limited Inc $0.50 | £35⅜ | –1½ | Q24c | — | 0.5 | — |
| 188 | 142 | Lincroft Kilgour 10p | 178 | +13 | 5.5 | 2.5 | 4.6 | 10.0 |
| 313 | 209 | MFI Furniture 10p | 287 | –3 | ♦4.6 | 2.0 | 2.3 | 21.8 |
| 148 | 115 | Marks & Spencer | 137xd | –3 | 3.4 | a2.0 | 5.3 | 20.1 |
| 64 | 50 | Martin (A.) 20p | 62xd | ..... | 3.0 | ♦ | 7.3 | ♦ |
| 293 | 218 | Menzies (J.) | 285xd | +2 | 3.38 | 4.8 | 1.7 | 17.6 |
| 168 | 116 | Milletts Leis. 20p | 168 | +5 | d6.95 | 0.7 | 3.9 | (45.5) |
| 465 | 305 | Moss Bros 20p | 460 | ..... | 5.0 | 3.4 | 1.6 | 26.5 |
| 120 | 96 | NSS News 10p | 118 | +2 | †3.3 | 2.9 | 4.0 | 12.3 |
| 365 | 275 | Oliver (G.) "A" | 310 | ..... | 8.0 | ♦ | 3.7 | ♦ |
| 475 | 353 | Our Price 20p | 425 | ..... | N3.0 | 4.0 | 1.0 | 32.3 |
| 260 | 178 | Owen Owen | 230 | +5 | 3.9 | 3.8 | 2.4 | 20.0 |
| 97 | 56 | Peters Stores 10p | 82xd | ..... | ‡d2.0 | — | ‡ | — |
| 118 | 100 | Preedy (Alfred) | 118 | ..... | †5.5 | 2.1 | 4.5 | (12.1) |
| 25½ | 20 | Ramar Texts. 5p | 23 | +1½ | 1.5 | 2.2 | 9.3 | (5.7) |
| 69 | 46 | Ratners 10p | 67 | ..... | 2.3 | 0.7 | 4.9 | 45.5 |
| 32 | 23 | Raybeck 10p | 30xd | –1 | 0.25 | ♦ | 1.2 | ♦ |
| 220 | 150 | ♦Rayford Supreme | 215 | +35 | 4.9 | 2.3 | 5.3 | 17.3 |
| 136 | 95 | Reed Austn 'A' N/V | 136 | +3 | 4.5 | ♦ | 4.7 | ♦ |
| 21 | 19 | S&U Stores 12½p | 19 | ..... | — | — | — | — |
| 39 | 33 | Do. 31½pcPf. 12½p | 37 | ..... | 3.94 | — | 15.2 | — |

ELECTRICALS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ENGINEERING

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LOANS

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Over Fifteen Years

Five to Fifteen Years

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## TRUSTS, FINANCE, LAND

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[illegible]

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[illegible]

## INVESTMENT TRUSTS—Continued

هكذا من الأصل

[illegible]

## OIL AND GAS

[illegible]

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## PLANTATIONS

### Rubbers, Palm Oil

[illegible]

### Teas

[illegible]

## MINES

### Central Rand

[illegible]

### Eastern Rand

[illegible]

### Far West Rand

[illegible]

### O.F.S.

[illegible]

### Diamond and Platinum

[illegible]

### Central African

[illegible]

## MINES—Continued

### Finance

[illegible]

### Australians

[illegible]

### Tins

[illegible]

### Miscellaneous

| 1985 High | Low | Stock | Price | + or – | Div Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | |
| 550 | 450 | Cons. Murch. 10c | 450 | | †Q100c | 1.4 | 10.8 |
| 40 | 28 | ‡Ennex Int. Ir10p | 34 | | — | — | — |
| 117 | 73 | ♦Greenwich Res. Inc. | 109 | +5 | — | — | — |
| 215 | 157 | Hampton Areas 10p | 193 | –2 | 3.75 | 2.1 | 2.6 |
| 260 | 160 | ♦Highwood Res. | 175 | | — | — | — |
| £22½ | £18 | Homestake Mining $1 | £19¼ | –½ | Q20c | — | 0.8 |
| 310 | 190 | ♦McFinley Red Lake | 255 | +5 | — | — | — |
| 300 | 195 | ♦Mastic Explorations | 265 | | — | — | — |
| 55 | 23 | ♦New Sabina Res C$1 | 45 | | — | — | — |
| 375 | 260 | Northgate C$1 | 310 | | — | — | — |
| 685 | 581 | RTZ | 607xd | | 20.0 | 2.7 | 4.7 |
| £145½ | £129 | Do. 9½pcLn '95-2000 | £131xd | –1¼ | Q9½% | 14.0 | †7.5 |
| £14 | £10 | ♦Tara Expln $1 | £14 | +¼ | — | — | — |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♦ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ● Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

## REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

| Stock | Price | + or – | Stock | Price | + or – |
|---|---|---|---|---|---|
| Albany Inv 20p | 100 | ...... | Arnott | 169xd | ...... |
| Craig & Rose £1 | £9 | ...... | CPI Hldgs | 50 | ...... |
| Finlay Pkg. 5p | 59xd | ...... | Carroll Inds. | 119 | ...... |
| Higsons Brew | 157 | ...... | Dublin Gas | 59 | ...... |
| Holt (Jos) 25p | 750xd | ...... | Hall (R. & H.) | 55 | ...... |
| IoM Stm. £1 | 87 | ...... | Heiton Hldgs. | 16 | +1 |
| IRISH | | | Irish Ropes | 43 | ...... |
| Fund 11¼% 1988 | £96¼ | ...... | Jacob (W. & R.) | 75xd | ...... |
| Nat. 9¾% 84/89 | £90½ | ...... | Unidare | 85 | +2 |
| Fin. 13% 97/02 | £99 | +¼ | | | |

## OPTIONS—3-month call rates

| Industrials | p | | | | |
|---|---|---|---|---|---|
| Allied-Lyons | 16 | GKN | 17 | Turner Newall | 10 |
| BAT | 32 | Hanson Tst. | 17½ | Unilever | 85 |
| BOC Grp. | 25 | Hawker Sidd | 38 | Vickers | 19 |
| BSR | 16 | Hse of Fraser | 30 | **Property** | |
| BTR | 52 | ICI | 60 | Brit Land | 12 |
| Babcock | 14 | 'Imps' | 18 | Cap Counties | 18 |
| Barclays | 49 | Jaguar | 28 | Land Secs | 25 |
| Beecham | 32 | Ladbroke | 24 | MEPC | 28 |
| Blue Circle | 45 | Legal & Gen | 50 | Peachey | 22 |
| Boots | 15 | Lex Service | 23 | Samuel Props | 14 |
| Bowaters | 20 | Lloyds Bank | 45 | **Oils** | |
| Brit Aerospace | 33 | Lucas Inds. | 25 | Brit. Oil & Min. | 4 |
| Brit. Telecom | 11 | Marks & Spcr | 11 | Brit Petroleum | 42 |
| Brown (J.) | 3 | Midland Bk | 30 | Burmah Oil | 10 |
| Burton Ord | 39 | NEI | 0 | Charterhall | 6 |
| Cadburys | 14 | Nat West Bk | 60 | Premier | 5 |
| Comm Union | 19 | P & O Dfd | 55 | Shell | 60 |
| Courtaulds | 12½ | Plessey | 17 | Tricentrol | 18 |
| Debenhams | 17½ | Polly Peck | 26 | Ultramar | 39 |
| Distillers | 28 | Racal Elect | 18 | **Mines** | |
| Dunlop | 6 | RHM | 11 | Charter Cons | 18 |
| FNFC | 8½ | Rank Org Ord | 32 | Cons Gold | 44 |
| Gen Accident | 45 | Reed Intnl | 50 | Lonrho | 14 |
| Gen Electric | 17 | Sears | 8 | Rio T Zinc | 56 |
| Glaxo | 85 | TI | 20 | | |
| Grand Met | 26 | Tesco | 20 | | |
| GUS 'A' | 60 | Thorn EMI | 35 | | |
| Guardian | 60 | Trust Houses | 13 | | |

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 12

FINANCIAL TIMES

Saturday May 18 1985



# Unionists form anti-Sinn Fein pact

BY BRENDAN KEENAN IN DUBLIN

ULSTER'S two Unionist parties bave made e pa-t to ostricise the 58 Sinn Fein councillors elected in this week's Northern Ireland local government elections.

The move, announced by Mr James Molyneux, leader of the Official Unionists, and the Rev Ian Paisley, leader of the Democratic Unioniats, yesterday as the election count was concluding, seems to herald a truce in the ten-year inter-Unionist rivalry. But, could cause serious trouble in some councils

Sinn Fein, fighting its first local election campaign in modern times, secured seats in 17 of the 26 district councils. But its 12 per cent share of the vote was no higher than in other Ulster elections. The largely Roman Catholic Social Democratic and Labour Party held firm with 18 per cent of the vote, while the smaller parties which also attract Catbolic votes sucb as the Alliance an dnthe Irish Independence Party, did less well.

| SEATS | |
|---|---|
| Official Unionists | 190 |
| Democratic Unionists | 141 |
| SDLP | 101 |
| Sinn Fein | 58 |
| Alliance | 32 |
| Others | 40 |
| (Three still to declare) | |

| PERCENTAGE SHARE OF VOTE | |
|---|---|
| Official Unionists | 30 |
| Democratic Unionists | 24 |
| SDLP | 18 |
| Sinn Fein | 12 |
| Alliance | 7 |
| Others | 9 |

With most results in last night, Sinn Fein bad 58 seats to the SDLP's 101.

Nevertheless, the firmness of the Sinn Fein vote in the proportioned representation system used in Northern Ireland will lead to a new empbasis by the Irihs Government on the need for an agreement with Britain to bring Catholics into the province's political process. Mr Peter Barry, the Irish Foreign Minister, said the result showed there was still a very clear sense of alienation among Northern Ireland Catholics.

Mr Nicholas Scott, Unler-Secretary-of-State at the Northern Ireland Office, eaid that to regard the result as a victory for Sinn Fein would be to misread completely the outcome.

He rejected calls from Unionists to proscribe Sinn Fein but said that ministers would still refuse to meet members of the party. "A different standard must apply to government ministers in treating with people like that," be said.

Despite failing to raise its share of the vote, Sinn Fein will have a significant presence in Ulster's local government. It has one more seat than the SDLP on Belfast City Council, an equal number in Omagh and has a combined majority with the SDLP in four councils.

The SDLP's difficulties will be acuta in those councils with a combined nationalist majority: it will have little choice but to work with Sinn Fein in the face of Unionist disruption.

The Unionist pact follows a campaign in which the Official Unionists and Democratic Unionists avoided the rivalries of the past. Mr Molyneux said this tactic had maximised the Unionist vote.

Where Unionsits have an overall majority they will exclude Sinn Fein from any council posts, committees or boards. They are likely to adopt obstructionist tactics where they are in a minority.

Among the notable councillors elected were Mr Paisley's daughter Rhondda in Belfast and Mr Cerry Doherty for Sinn Fein in Dery. In 1973 Mr Doberty was jailed for seven years for planting a bomb in the council building.

# Steel group in deal to cut excess UK rod capacity

By Nick Garnett and Ian Roger

A FURTHER 500 jobe will be lost at Manchester Steel, e private sector producer, as a result of an egreement announced yesterday under which the company will be sold for just under £10m to Allied Steel and Wire, a Welsb competitor. At the eame time, Manchester Steel's parent, the Norwegian metals group Elkem, is to take a small equity stake in Allied.

Allied, a joint venture between British Steel and Guest Keen and Nettlefolds specialising in the wire rod sector, is buying Manchester Steel with a view to reducing excess rod making capacity in the UK. It plans to close the company's rod mill in Manchester and its bar mills at Bidston on Merseyside.

That would leave only a small steel melting shop at Manchester employing about 150 people. Allied said a decision on whether to close the shop was being deferred.

The demise of Manchester Steel comes less than three years after the company designed a rationalisation plan, including 140 redundancies, that convinced Elkem to continne supporting it. Manchester returned to profit in 1983, bnt fell into loss again late last year after a sharp rise in the price of steel scrap, its main raw material.

The sale and closure plans, which require the epproval of the European Commission, are being resisted by the steel unions. Allied said the closures would contribute to a strengthening of the UK steel industry and belp secure the future of other steelworkers.

In return for the sale, Elkem will receive 6m new shares in Allied, 4 per cent of the enlarged equity and a deferred cash payment of £3m to £4m. This is considerably less than the £16m offered by a consortium of British steelmakers in 1982 in return for Manchester's closure.

Elkem will be entitled to elect a director to the Allied board, but provision is being made to avoid its having the balance of power on the board. BSC and GKN each have equal stakes in the venture.

Total UK capacity for making wire rod is about 2.3m tonnes a year, but most of the mills have been operating at abont 65 per cent. Allied is the market leader with 1m tonnes of capacity. Manchester has a 250,000-tonne mill. Other procedures Include Sheerness Steel and Templeborough Rolling Mills, a joint venture between BSC and Bridon.

Elkem set up Manchester Steel in 1975 when the prospects for steel mini-mills looked bright, but the company has never been consistently profiteble. Its closure adds to the steep declins of heavy engineering industry in the Manchester area, which has an unemployment rate of ebout 23 per cent.

## Expresses to use viaduct again

BRITISH RAIL is to reopen the Barmouth viadnct across the Mawddach estuary on the Cambrian coast line to express trains from next May, after spending £1.3m on repairs.

The viadnct was close in 1980 after damage caused by marine worms was found. Initial repairs allowed the line to be reopened to light trains in 1981.

# THE LEX COLUMN

# The prancing bulls of May

In any other year by the middle of May, investors would at least be thinking about selling shares, if not ectually do so. But this week the FT-SE share index hit an all-time high and even the FT 30 Share index nearly scraped its earlier ceiling. In Cup Final jargon, the market is quietly confident — but no one is quite clear why.

There were a couple of special factors last wek. Wall Street was strong, and the chance to subscribe to British Aerospace shares at a discount moved a gently taxi-ing market closer to take-off. Then all those disappointed stags who received paltry allocations seemed happy elther to buy BAe shares in the market or to put their money in other stocks. Admittedly, the confidence is slightly brittle: a nasty shock from Micro Focus on Thursday wiped ont half the company's market capitalisation and knocked e percentage point or two off the rest of the electronics sector in less than the time it takes to feed in a piece of software.

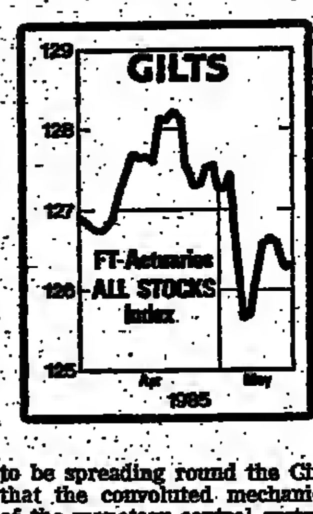
The economic outlook is not particularly enticing, even if the CBI's members are happy with it. Markets often do best to treat surveys ofbusiness confidence sceptically. After all, a stronger pound will cut into exporters' margins, and higher real interest rates sholld both rednce profits and act as a disincentive to investment. After two ears of strong growth in earnings and dividends, eccompanied b a rerating of equities to put them on higher multiples and lower ields, this ear could well disappoint.

If the ield gap has anthing to do with it, a move to a higher ield basis could be on the cards. With the average income from shares at 4.4 per cent compared with around 11 per cent on gilts, fixed-income look rather good value. The gilt market is still recovering gingerly from the hlow dealt it by the latest money supply figures showing £M3 well outside its target growth range. But with inflation likely to fall from its present peaks, sterling looking remarkably resilient and a rally in the New York bond market still to be followed, there may be life in gilt-edged yet.

## Monetary control

Whatever the Government's funding tactics over the rest of the year, the feeling appears

Index fell 4.2 to 1008.3




to be spreading round the City that the convoluted mechanics of the monetary control system —which hinges on the ability to mop up excess money by selling gilt-edged—are in need of an overhaul. This feeling amounts in part to a recognition that going in for control of the demand for money will not necessarily get the authorities what they want in the way of a good mix between low inflation and a competitive exchange rate. But there are also mutterings about the roundabout and imprecise techniques used to achieve control; the famous circular tour between gilt-sales and bill-purchases, which has gone to build the bill mountain, is getting a worsening press in brokers' reviews.

These two complaints are not obviously consistent; it does not make all that much sense to [illegible] the detailed execution of a policy — in terms of the micro-structure of short-term bill rates — if you think that putting a ceiling over monetary growth does not really matter anyway. What brings both arguments into focus is concerned about the present high level of interest rates and fear that the high cost of funds is damaging the real economy.

Yet the debate is complicated by suspicions that the authorities have already changed their tack; since the sterling crisis forced them to think about parity between sterling and the dollar three months ago, the authorities have increasingly seemed to be more interested in controlling the cost of money than the amount of it in the financial system. If that leads to less attention being lavished on the growth of monetary aggregates, and more frequent lending at the Bank of England's discount window, it could at least produce a more stable interest rate environment. But a demolition of the unsightly bill mountain would require a more radical change of course altogether.

## C. Salvesen

The offer for sale of Christian Salvesen presents a strange spectacle. North of the border, a large room full of canny Scots have been deciding how much to sell, and at what price, while in the City the Sassenachs must mull over what they might be prepared to pay. The £33m pre-tax profit revealed yesterday for the year to the end of March gives earnings per share of 8.5p, on a 35 per cent tax charge. Arriving at a multiple on which to sell those earnings is a more difficult calculation.

The group's biggest business —food processing and distribution contributing about half of profits—is clearly a premium quality operation, demanding a premium rating. With top notch customers like Marks and Spencer in this country, and good prospects of expansion abroad it ought to be well worth over an average market rating of 12. The house-building business wins points for concentrating on up-market homes, but loses a few for being based in the depressed North-West.

The marine and industrial activities look less attractive— while the generator hire business is said to have good prospects in a specialised market, the same can hardly be said of the collier coasters left over from Salvesen's once-mighty fleets.

There are strong grounds for valuing highly a management which has directed the group successfully, after one or two false turns, into food, one of the stock market's most favoured sectors. And in any case, that sector is a bit underpopulated, despite the earlier arrival of Hillsdown Holdings. Even on a narrow float, 25 per cent at best, a large new presence will be welcome.

# Midland's Eurobond issue given B rating

By Maggie Urry

MIDLAND BANK'S newly issued $750m (£600m) perpetual floating rate note was yesterday rated triple-Bs by Standard and Poor's, the U.S. credit rating agency, raising worries that the recent rash of these funds launched by UK banks might prove risky investments.

When the news reached the Eurobond market yesterday the price of Midland's bonds fell from 99.85 to a low of 99.50 before recovering to 99.70 by the close, compared with the 100 issue price.

A triple-B rating is still regarded as investment grade, although most borrowers in the Eurobond market have A ratings, the highest level being AAA.

Standard & Poor's said that the substantial losses at Crocker National Bank, Midland's Californian subsidiary, and tax changes in the UK in 1984 had reduced Midland's capital.

However, the rating does not represent a downgrading of Midland Bank as a whole, as Midland stressed yesterday.

The rating agency bad graded Midland's and other banks perpetual floating rate notes two notches lower than their other debt

The issue was announced two weeks ago following similar deals from Lloyds Bank and Standard Chartered Bank. Since Midland's issue, National Westminster Bank and, yesterday, Kleinwort Benson Lonsdale, the merchant bank, have also raised capital this way.

The issues have added to the banks' primary capital because they have many characteristics of equity. They need never be repaid and if the bank should go into liquidatinn the bonds will rank as preference shares.

Some critics of the issues point out that the risk to investors in the bonds is not adequately reflected in the pricing of the issues. For the borrowers these bonds are a much cheaper source of primary capital than equity issues would be.

# Drug producers call truce in patents fight over interferon

BY TONY JACKSON

HOFFMAN-LA ROCHE of Switzerland and Schering-Plough of the U.S., two of the world's leading drug companies, have called a truce in their long-running patents fight over the production of interferon, the anti-cancer agent.

Competing claims on patent infringement bave been dropped, allowing each company's version of the product to be sold freely throughout tbe world.

The companies heve been involved in a complex squabble over methods of producing alpha-2 interferon, a protein which occurs naturally in the body, by bio-engineering techniques.

Earlier this year Schering announced that it had won a European product patent (implying ownership of the substance) for interferon. Roche then countered by winning a process patent (implying ownership of techniques of manufacture) in the U.S.

The decision to drop those claims appears to reflect a realisation that legal proceedings could drag on indefinitely, bampering commercial development.

Under the agreement exemption from patent liability applies to every country in the world except Japan.

Schering has approvel for its version of interferon in Italy, Venezuela and the Philippines, and began marketing the product this April in Ireland.

Both companies expect to win approval to market their product in the U.S. in the near future.

Interferon is a defence mechanism produced by cells in the body when invaded by viruses. Anti-viral treatment is seen by the drug industry as one of the biggest potential markets.

Unlike bacteria, which can be controlled by antibiotics, viruses have so far proved largely resistant to treatment.

Although hailed by the medical profession as an important breakthrough some years ago, interferon now appears more restricted in its application than originally thought.

Schering is seeking U.S. approval for treatment of three relatively rare forms of cancer, Kaposi's sarcoma, multiple myeloma and malignant melanoma, and for two anti-viral treatments, venereal warts and preventinn of the common cold.

Schering's Intron was developed by Biogen, of Cambridge, Massachusetts, and Roche's Roferon-A by Cenentech of San Francisco. Biogen, which recorded heavy trading losses last year, was seen as under threat from the dispute over patents.

Patent rights have become one of the most complex issues in the field of biotechnology.

Another company involved in biotechnology said yesterday: "The fact that Roche and Schering have come to this agreement delays the resolution of the legal argument on what patent protection, if any, is available in the biotechnology industry."

# Nigeria set to agree swap deals

BY PATTI WALDMEIR IN LAGOS

NIGERIA is about to conclude counter-trade deals with Italy and Brazil worth $850m (£674m) in an attempt to avoid big production losses because balance of payments difficulties have led to serious import shortages.

The Italian deal, worth $400m, has been agreed in outline between Nigeria and Fiat and ENI group, Italy's largest private and public corporations respectively.

Under it, Nigerian crude oil would be swapped for vehicle assembly kits and industrial raw materials.

Nigeria and Brazil, meanwhile are understood to be prepared to increase to $950m the flow of crude and goods under a $500m swap deal concluded last September.

Neither deal has yet been signed and details remain to be finalised, but the Italian deal is understood to centre on supplies of vehicle kits to National Trucks Manufacturers' Kano assembly plant, 60 per cent owned by the Nigerian Covernment and 40 per cent by Fiat.

The plant produces Fiat heavy trucks and tractors, and has been plagued by shutdowns because of kit shortages.

Capital goods and materials for the Escravos to Lagos natural gas pipeline, being constructed by Saipem, which is controlled by ENI, could also be included. Work on the pipeline has been stalled for soma months because of financing difficultiea.

Nigeria's countertrade arrangement with Cotia, Brazil's largest private trading company, includes vehicle assembly kits from Volkswagen do Bresil, as well as food, spares and industrial materials.

The two latest deals follow a flurry of proposals for 28 countertrade deals by companies in Japan, West Germany, France, Austria, the U.S., the UK, Yugoslavia and Romania.

Scoa, the Paris-based international trading company, last month concluded e $500m counter-trade deal, focussing on supplies of French vehicle kits, while Austrie's Voest Alpine has also concluded a $200m oil swap deal for capital goods and raw materials.

Under the Italian deal, ENI will purchase 40,000 barrels per day of Nigerian crude et official Organisation of Petroleum Exporting Countries prices. As in the Scoa deal, the trading loss made by ENI, because Opec prices are et a premium over the spot market, is expected to be partly recouped by raising the notional prices of the goods supplied.

The rash of Nigerian countertrade deals is expected over the short-term to change radically the pattern of trade with black Africa's largest market, Britain, traditionally the largest exporter to Nigeria, is likely to see its market share seriously eroded by other countries, particularly France and Brazil.

Nigeria's ability to pursue its countertrade strategy will depend largely on bow long Opec continues to turn a blind eye to Nigerie's overproduction of crude. Its Opec quota is 1.45m barrels per day but production is now put at around 1.7m.

## CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

| RISES | | | | | |
|---|---|---|---|---|---|
| APV | 261 | + 14 | Smith (W. H.) A | 238 | + 8 |
| Babcock Intnl | 161 | + 7 | TI | 250 | + 10 |
| Caledonian Offshore | 540 | + 50 | Tomkins (F. H.) | 184 | + 9 |
| Dataserv Inc | 165 | + 14 | Vickers | 328 | + 8 |
| Energy Capital | 46 | + 16 | Yorklyde | 150 | + 10 |
| Energy Services | 107 | + 10 | FALLS | | |
| Freemans | 220 | + 8 | BP | 545 | − 8 |
| Guinness Peat | 76 | + 4 | Christies Intnl | 547 | − 26 |
| Lincroft Kilgour | 170 | + 13 | Commercial Union | 218 | − 6 |
| Lucas Inds | 297 | + 8 | CASE | 258 | − 14 |
| Micro Focus | 350 | + 25 | Cray Electronics | 245 | − 10 |
| Nottingham Mnfg. | 212 | + 12 | Feb Intnl A | 83 | − 8 |
| Office Electronic | 196 | + 16 | Grand Metropolitan | 295 | − 10 |
| RHM | 165 | + 6 | Lilley (F. J. C.) | 63 | − 5 |
| Rayford Supreme | 215 | + 35 | Pentland Inds | 910 | − 25 |
| | | | Reliant Motor | 52 | − 7 |

## WORLDWIDE WEATHER

UK today: Dry with sunny periods, except for some showers in N.E. England and C., E. Scotland. Outlook: Warm.

| | | Y'day midday °C | °F | | | Y'day midday °C | °F | | | Y'day midday °C | °F | | | Y'day midday °C | °F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ajaccio | F | 20 | 68 | Corfu | S | 24 | 75 | L. Ang.† | C | 14 | 57 | Perth | S | 23 | 73 |
| Algiers | S | 20 | 68 | Belfast | F | 17 | 63 | Luxmbg. | F | 18 | 64 | Prague | C | 18 | 81 |
| Amsdm. | S | 19 | 66 | Dublin | C | 15 | 59 | Madeira | C | 18 | 64 | Reykjvk. | C | 11 | 52 |
| Athens | S | 25 | 77 | Dbrvnk. | S | 21 | 70 | Madrid | C | 15 | 59 | Rhodes | S | 27 | 81 |
| Bahrain | S | 37 | 99 | Ednbgh. | C | 15 | 59 | Majorca | C | 18 | 61 | Rio J'o | | — | — |
| Barclna. | R | 14 | 57 | Faro | S | 18 | 64 | Malaga | S | 21 | 70 | Salzbrg. | F | 23 | 73 |
| Belfast | C | 17 | 63 | Florence | S | 24 | 75 | Malta | S | 23 | 73 | S F'cisct | C | 13 | 55 |
| Belgrd. | F | 25 | 77 | Frankft. | S | 21 | 70 | M'chstr. | F | 19 | 66 | Singapr. | C | — | — |
| Berlin | C | 16 | 61 | Geneva | F | 19 | 66 | Melbne. | F | 14 | 57 | S'tiago | | — | — |
| Biarritz | C | 13 | 55 | Gibraltar | S | 21 | 70 | Mx. C. | | — | — | Stckhm. | S | 12 | 54 |
| Bmghm. | S | 18 | 64 | Glasgow | C | 13 | 55 | Miami† | S | 21 | 70 | Strasbg. | C | 15 | 66 |
| Blackpl. | S | 18 | 64 | G'msey | S | 18 | 51 | Montrl.† | F | 15 | 59 | Sydney | S | 17 | 63 |
| Bordx. | C | 14 | 57 | Helsinki | S | 12 | 54 | Moscow | S | 13 | 55 | Tangier | S | 19 | 66 |
| Boulgn. | S | 18 | 61 | H. Kong | F | 29 | 84 | Munich | F | 21 | 70 | Tel Aviv | S | 26 | 79 |
| Bristol | S | 18 | 66 | Innsbrk. | S | 24 | 75 | Naples | S | — | — | Tenerife | R | 19 | 66 |
| Brussels | S | 20 | 68 | Invrnss. | R | 12 | 54 | Nwcstl. | S | 18 | 64 | Tokyo | S | 22 | 72 |
| Budpst. | T | 21 | 70 | I.o.Man | C | 13 | 55 | N York† | Fg | 16 | 61 | T'ronto† | R | 13 | 55 |
| Cairo | S | 35 | 95 | Istanbul | S | 23 | 73 | Nice | C | 17 | 63 | Tunis | F | 23 | 73 |
| Cardiff | S | 19 | 66 | Jersey | S | 18 | 64 | Nicosia | C | 25 | 77 | Valencia | F | 18 | 64 |
| Cape T. | S | 23 | 73 | L. Pims. | R | 21 | 70 | Oporto | S | 19 | 66 | Vienna | R | 19 | 66 |
| Chicg.† | C | 14 | 57 | Lisbon | S | 19 | 66 | Oslo | F | 14 | 57 | Warsaw | F | 22 | 72 |
| Cologne | F | 21 | 70 | Locarno | S | 22 | 72 | Paris | F | 18 | 66 | Zurich | C | 19 | 66 |
| Cpnhgn. | S | 16 | 61 | London | S | 19 | 66 | Peking | R | 18 | 64 | | | | |

C—Cloudy, F—Fair, R—Rain, S—Sunny, Sn—Snow,
† Noon GMT temperatures.

# ESE faces £40m bid from Brammer

BY ALEXANDER NICOLL

BRAMMER, the Altrincham-based distributor of ball-bearings and electronic components, yesterday launched e £40m offer for Energy Services and Electronics, an electronic equipment rental group which fought off e bid from Peek Holdings by the barest of margins earlier this week.

ESE made no immediate response. Mr Frederick Rollason, chairman, said the board "will have to do a bit of thinking over the weekend." Meanwhile, the company advised shareholders to take no action.

The outcome of Peek's bid, a reverse takeover through a shell company, was one of the closest the City has seen, with holders of 49.7 per cent of ESE's equity tendering acceptances. The implied level of dissatisfaction among shareholders with ESE's performance made the company vulnerable to another suitor.

Mr Robert Ffoulkes-Jones, joint managing director of Brammer, said ESE would be a strong commercial fit," taking Brammer into a new area of service.

Brammer's main business has similarities with that of ESE's main subsidiary, Livingston Hire. Both supply equipment at short notice from centralised depots which are subject to close stock control.

Brammer, which had beld informal talks with ESE while the Peek offer was on the table, yesterday amassed 14.9 per cent of ESE'a equity—the maximum allowed in one series of market purchases. Many of the sellers were believed to have bought the shares recently and tendered them to Peek's offer.

Terms of the Brammer bid are 35 of its shares for 100 ESE. Brammer'e share price, down 10p yesterday at 304p, put the value of the offer et 106.4p, almost in line with ESE's close yesterday of 107p, up 10p. The Peek's bid had valued ESE at about 94p a share. Like Peek's final offer, the Brammer bid contains no cash alternative.

Brammer is being advised by Kleinwort Benson and ESE by J. Henry Schroder Wagg.

# Inflation jolt Continued from Page 1

housing costs by 6.3 per cent in the month; and the effect of a 5p a gallon rise in petrol prices which helped to push up transport costs by 1.6 per cent.

The main underlying cause of the rise in inflation, bowever, has been the delayed effect of last year's fall in sterling (whicb raised import prices) and the rise in the mortgage interest rate to 14 per cent compared with 10½ per cent a year ago.

The Government estimates that without the mortgaga rise, inflation would now be running at about 5½ per cent.

The Treasury expects the recent rise in sterling to damp down inflation later this year as the effect of lower import prices feeds through into the shops. It also bopes that lower interest rates will bring e cut in mortgage rates and a further fall in inflation.

Unfortunately the recent overshoot of the money supply associated with high bank lending to the private sector has deepened the authorities' caution about interest retes. High inflation figures and caution about the exchange rate are themselves likely to lead the authorities to maintain interest rates at high levels for soma time.

# WEEKEND FT

Saturday May 18 1985

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# THE FAMILY SPIRIT

Bill Sanderson

**An everyday story of Cointreau folk: Dallas, Dynasty and Bleak House are tame thrills compared with the battle for control of the Remy Martin empire. Nicholas Faith reports**


THERE IS a favourite saying in the Charentes, the *département* centred round Cognac: *"Il se fait gendre."* Translated literally, this means: "He turned himself into a son-in-law." A better translation would be the old Hollywood expression: "The son-in-law also rises." The present battle for control of two firms of cognac producers — Remy Martin, the third biggest in the world, and Frapin, once the most famous — is the story of three sons-in-law; the late André Renaud and his sons-in-law, André Heriard-Dubreuil and Max Cointreau.

Renaud was the most remarkable of the three. Although from a relatively humble background, he earned a doctorate in law at the Sorbonne. Back home he married a girl 15 years younger than himself—Marie Frapin, daughter of the biggest grower in the Grande Champagne, the finest of the seven *crus* into which the Cognac area is divided.

At the time, M Frapin's cognacs were considered by the British aristocracy as the finest on the market (Berry Bros and Rudd, one of London's oldest merchants, still buys its cognacs from the firm). But Renaud was after bigger game. In the years after World War I he bought control of an old but virtually dormant firm, Remy Martin.

In the 15 years before World War II he shaped the strategy that was to bring such success after 1945; for example, he took advantage of the Chinese love of cognac and, at the same time, sold exclusively cognacs from the champagnes. Remy Martin concentrated on those entitled to the label "Fine Champagne," implying a mixture of brandies from the Grande Champagne and the slightly less desirable Petite Champagne area, but containing at least 50 per cent of Grande Champagne. This policy came naturally to someone with access to Frapin's incomparable stocks; and Renaud took advantage of the worldwide distribution network already built up by the Cointreau family liquer empire, then headed by a friend: they had joint distribution arrangements in countries as far apart as the U.S. and Switzerland.

Nevertheless, even in 1939 Frapin was a bigger company than Remy Martin. Renaud remained a grower at heart: he is remembered by the locals as a redoubtable wheeler-and-dealer in the peasant tradition and, within the family, as a patriarch, lunching promptly at noon every day after a morning spent in the vineyards.

He and Marie had three children: a son, Pierre, killed in a riding accident while still in his teens, and two daughters, Anne-Marie and Genevieve. During World War II, new company law forced Renaud to spread the ownership of his shares in Remy Martin. Some went to Anne-Marie, who was at the time the only one of the two children old enough to legally own any; this was to provide her with the potential of controlling the company when the remaining shares were divided on the death of her parents.

Anne-Marie married a man almost as remarkable as her father, Andre Heriard-Dubreuil. His family were merchants and growers but, like his father-in-law, he aspired to a higher education and passed the appallingly stiff exams required to enter the Ecole Polytechnique, the school which has trained most of France's governing elite since Napoleonic times. During the war he returned to Cognac to work with his father-in-law. His sister-in-law, Genevieve, a notably gentle character, then married Max Cointreau, the grandson of Renaud's old friend.

After Renaud died in 1965, aged 82, Heriard-Dubreuil naturally took over and everyone assumed the old man had blessed the legal accident that, through Anne-Marie's holding—the shares she got during the war and those she inherited on her father's death—gave the Heriard-Dubreuils 51 per cent of Remy Martin . . . and turned Genevieve into a minority shareholder.

Heriard-Dubreuil pursued his father-in-law's policy with increased success and Remy Martin's VSOP became the standard-bearer for luxury cognacs the world over; for more than a decade the firm's sales grew at 30 per cent a year. Whereas before the war VSOP cognac accounted for a mere 5 per cent of total sales, it now accounts for nearly a third of the hundred million bottles of cognac sold in the world.

Inevitably, the rise of one family firm overshadowed the other. Frapin's name virtually disappeared from the consumer market; it diminished into a mere supplier and by the mid-1970s two-thirds of its sales were of bulk cognacs to Remy Martin. The Frapins did not object.

Under Heriard-Dubreuil—a ruddy, robust, commanding figure—Remy Martin has always gone its own way. Its headquarters are more utilitarian than those of other cognac companies, and, unlike them, it does not go out of its way to welcome visitors to its stills and warehouses. The families remained nominally united until 1973 when Max Cointreau presented himself as a candidate in the local elections in Segonzac, the sleepy little town at the heart of the Grande Champagne which is the home of only one cognac firm—Frapin, which is still housed in rustic simplicity round a charming, rose-strewn courtyard. He was opposed by Roger Plassard, chief buyer for Remy Martin and thus a powerful figure in deciding the economic prospects of many of the town's electors. Nevertheless, Cointreau won.

During the 1970s Albert Frapin died, soon followed by his wife—beloved "Tantine" to both sides of the family. Naturally, their half-share in Frapin was divided equally between Anne-Marie Heriard-Dubreuil and Genevieve Cointreau. But matters came to a head after the death of Madame Renaud in November 1978, aged 85. Remy Martin promptly stopped buying any cognacs from Frapin, partly because it was naturally reluctant to add to its stocks as sales of cognac were showing the first sign of a downturn after 30 years of almost continuous growth. But even so, it is strange that it cuts off relations so abruptly. The reason for the abruptness soon emerged: just before her death, Mme Renaud had signed a final will ensuring that her younger daughter, Genevieve, would control Frapin, as her elder, Anne-Marie controlled Remy Martin.

Her death set off an avalanche of law suits. These are amazingly convoluted but boil down to two essential elements. First, the Heriard-Dubreuils are claiming that the final will is invalid. They say Mme Renand did not know what she was doing when she signed; and that she was badly advised by the family's notary, M Guerin (who has since died).

The case has often degenerated into farce: the Cointreaus' handwriting experts have testified that, although crippled by rheumatism and thus unable to sign her name properly, Mme Renaud could read even the small print with the help of a magnifying glass. The Heriard-Dubreuils have produced equally expert evidence that her hand had been "held and guided." The Cointreaus retorted that she wanted Genevieve to have control of Frapin as compensation to balance Anne-Marie's controlling stake in Remy Martin, and that she had said as much in earlier wills.

In return, the Cointreaus have enjoyed some success with their claim that, in relation to Remy Martin, they have been denied the very considerable rights to which minority shareholders are entitled under French law because of the alleged refusal of the Heriard-Dubreuils to provide adequate information about the company; at one stage, Genevieve was forced to go to the Remy Martin offices accompanied by a court official to try to see relevant documents. The courts have also agreed with the Cointreaus that the sudden withdrawal of Remy Martin orders materially damaged Frapin's business. (The firm cases now involve not only the two couples but also their children. Remy Martin now is run by Marc and Francois Heriard-Dubreuil although their father is still a dominant figure.

Outside the courts, the Cointreaus have succeeded in blocking any increase in Remy Martin's now-inadequate share capital. This amounts to a mere FFr 35m, totally inadequate for a firm with a total turnover of FFr 1.7bn in 1983—bigger even than Cointreau. The Cointreaus have professed themselves willing to agree to an increase in the equity capital, but only on conditions the Heriard-Dubreuils could never be expected to approve—including an involvement in management, renewed purchases from Frapin, a halt to legal proceedings and a restructuring to ensure that the Cointreaus did not have to pay wealth tax on their shares in the firm. The Heriard-Dubreuils have reacted by getting Remy Martin itself to claim that the Cointreaus, in refusing to agree to an increase in the firm's capital, are abusing the rights of the majority—a doctrine, unlike minority rights, not enshrined in French legislation.

Remy Martin has been hit less badly than its rivals by the slump in sales in the home market, because 95 per cent of its sales were exports; but, even so, it has been forced to increase its stocks. Increased financial charges have reduced profits. Yet the problems have not prevented major and expensive changes in Remy Martin's strategy. Even before open war broke out it had introduced a cheaper VS brand, competing for the first time with the *standard* brands that account for 60 per cent of the sale of other firms. The move was triggered by the requirements of the British market, which has increasingly turned to the even cheaper grape brandies in recent years, but Remy's VS is now also sold in the United States. Nevertheless, it accounts for a mere 15 per cent of the firm's sales and it has been counterbalanced by increased sales of the firm's range of luxury cognacs.

Remy has also almost completed divorce proceedings in its various distribution relationships with Cointreau (the only remaining joint arrangement is in Switzerland).

Even more expensive has been the firm's deliberate move away from cognac, for Heriard-Dubreuil believes this is a mature business that ought to liberate sufficient cash flow to encourage diversification through investment in other firms selling up-market alcoholic drinks. In the past decade, he has turned his theory into practice. Until 1974, Remy Martin was wholly dependant on cognac: that year, it bought control of Krug, which occupies the uncontested pole position in the champagne quality stakes. In the 1970s, too, it set up joint ventures to make wine in Australia and brandy in California and, more recently, another one in China producing Dynasty wine. In the past couple of years his firm has bought control of the venerable Bordeaux wine merchants, De Luze. Earlier this year Remy Martin acquired Vins Nicolas, the loss-making chain of Parisian wine shops that still holds the finest stock of old French wines in the world. (In Heriard-Dubreuil's view, this stock more than counterbalanced the firm's trading losses.)

Outsiders have worried at the financial burden imposed by these sweeping changes, since financial charges amounted at one time to 18 per cent of the firm's sales. But Heriard-Dubreuil is unworried. Logically, he feels, such costs are part of the industrial expenses involved in making cognac, a product which depends on ageing as part of its production costs just as much as the "*part des Anges*"—the annual 4 per cent loss through evaporation.

In the French tradition, the family war has been kept out of the public eye. Outside the courts, the only open sign of the battle has been political. In the 1981 elections Cointreau was opposed by Gerald Montassier (at the time, son-in-law of Valery Giscard d'Estaing), who was—like Roger Plassard in 1973—strongly supported by the Heriard-Dubreuils. Montassier lost, partly because of local resentment against an outsider, partly because of the general anti-Giscardian mood. For the 1985 elections, Cointreau went on the offensive. A month beforehand, he published a book, *La Crise de Cognac*. In it he proposes solutions — in themselves perfectly sensible — to the problems faced by cognac and also subtly contrives to suggest that he, not Heriard-Dubreuil, was the true spiritual heir of their joint father-in-law. Nevertheless, this time Cointreau lost, a victim of the general swing against the Left.

The Cointreaus, however, are far from popular. Their challenge to the objectivity of the local commercial court —which resulted in primary jurisdiction for proceedings being moved from Cognac to Bordeaux—was taken very badly by local merchants. The court, a well-respected local body, naturally includes many of their executives, all of whom scrupulously ruled themselves ineligible in any of the cases. Nevertheless, claimed the Cointreaus' lawyer, they were both judges and parties to the argument. Heriard-Dubreuil, meanwhile, professes to be totally unconcerned by the legal battles. "They're not what keeps us awake at nights," he says. "If only they [the Cointreau family] would leave us in control of Remy Martin, we would leave them in charge of Frapin."

His statement marks the end of only one episode of the series which is fascinating the Charente—for the Cointreaus may have an ace up their sleeve. The Remy Martin share register for the years between 1957 and 1961 — which could contain details of relevant transfers — has been mislaid and the Cointreaus are taking advantage of of this piece of carelessness to cast doubt on the ownership and control of the money.

Compared with these heavyweight French contenders, the Ewings of Dallas are just amateurs in the family feud business.

**The long view**

# Today the pleasure, tomorrow the pain

**There is a difference between borrowing for self-indulgence and borrowing to increase productive potential . . . but, says Anthony Harris in his new column, you should always watch what politicians do, not what they say**

*FRANCIS PYM* does not appear to be the most astute of political organisers. His little group of 30-odd is crumbling round the edges even as it is officially launched; and even among the remaining loyalists there is some confusion about whether his group is a propaganda force or a small, organised rebellion, issuing its own whips. The title, Conservative Centre Forward, sounds depressingly like a ginger group within a Church of England youth club.

All the same, the opinion polls suggest that Mr Pym is talking for a lot of people, including about a quarter of those who would normally vote Conservative, when he attacks Government economic policies; and in North Rhine Westphalia the German voters have sent much the same message to Chancellor Kohl, whose general approach, and especially his distaste for borrowing, could be called Thatcherite.

Is he right, then, when he dismises the Government's disapproval for State borrowing as a thoughtless slogan, insulting to the intelligence? Or are Ministers right when they claim that there is no other sound approach, and that setbacks in the polls are the natural fate in mid-term of any Government which pursues sound policies rather than buying votes?

This looks like an obvious question; but it is one which I will nevertheless try to evade. The trouble is that it is so oversimplified that it is virtually bound to provoke silly answers.

Look at the U.S. for example (and it is the example that both sides do tend to look at). President Reagan's record appeals to the expansionists: he has stimulated growth and employment, and inflation has stayed low, which seems to make nonsense of the Government's arguments here.

Look at U.S. prospects, on the other hand, and you will find the Puritans rubbing their hands. The U.S. is plunging into international debt, it is going through an agonising budget-cutting process; and when this tightening finally brings the dollar back in touch with reality, all the stored up inflation will come home to roost.

There is in fact no contradiction here. The President does not have a good or an evil policy, he has a borrowing policy; and borrowing, as we all know, is a way of deferring payment. We get the pleasure today and the pain tomorrow. Like other sources of wellbeing it can easily be overdose, but it would be silly to rule it out altogether.

There is, however, some difference between borrowing simply for self-indulgence, and borrowing to increase productive potential. Rhetorically, Mrs Thatcher employs a housewife's reasoning: borrowing will simply impose burdens. Mr Pym talks more like a businessman: borrowing will increase potential, so that the burden will be easy to carry. Mr Pym's is certainly the more sophisticated approach, and Mrs Thatcher, with her lectures on family finance, has unfortunately persuaded a lot of people to believe a lot of nonsense.

However, you should always watch what politicans do and not what they say. The real weakness of Mr Pym's case is that Mrs Thatcher is not really the fiscal Puritan she claims to be. She has just found that rights issues go down better with the shareholders than high-coupon debentures.

From a financial point of view, in other words, privatisation is very like selling gilts; ether way, the Government is enabled to spend more than it collects in revenue and its balance-sheet suffers. Debt sales raise the liabilities, privatisation runs down the assets. If you simply add back the proceeds of asset sales (including council houses) to Government borrowing, that Thatcher fiscal squeeze virtually disappears, as Roger Bootle of Capel-Cure Myers reminded us in a recent analysis.

Then there is North Sea oil. Mrs Thatcher's critics, who regard her as a skinflint when they look at the Budget numbers, accuse her of squandering when it comes to oil revenues. All gone, they complain, on the dole. Certainly, if you include oil reserves as an asset in the State balance-sheet, like publicly-owned houses and industries, it is easy to present the Thatcher regime as the most recklessly spendthrift in British history living, like an 18th-century rake, by selling the family portraits. This is not a respectable way to keep out of the hands of the moneylenders.

These, in short, are deep waters, Watson; and personally I suspect that the argument over borrowing levels is going to prove a messy litter-strewn dead end. The really interesting questions do not concern how much the Government borrows, but how much it spends, and on what. Mr Pym is on firmer ground when he talks about investment than when he talks about borrowing.

The case for investment really makes itself. If it makes sense for privatised Telecom to buy more equipment and make Canadian takeovers, it would have made sense even when the State held all the shares. To rule that out on PSBR grounds is sloganeering of the worst kind.

It makes sense to get on with wider roads, houses for rent, deep-sea ports in the regions and the like when a good deal of the cost can be met by savings in dole, and the revenue is enough to service the remaining capital. It may even make very good sense to invest more and finance the net cost (after dole savings) from higher taxes—what is called balanced Budget reflation.

It will certainly be easier to face all these questions if U.S. tightening reduces world interest rates, And easier, too, if we ignore the slogans—from both sides.

## ·CONTENTS·

## London

# Grand Met's U.S. drag

EQUITIES could not quite manage to keep on breaking new ground all week—particularly after Thursday morning's shocker from Micro Focus aand bagged the market just when the FT-SE index was edging ahead of the previous evening's record. And on Friday morning a confused market had the FT 30 and the FT-SE 100 moviog in opposite directions. Bnt at the end of a good week brokers found it difficult to pick up front line stocks at the advertised prices; even after digesting British Aerospace and while waiting for the next payment oo BT, the market is showing surprising stamina.

It is oot often that a 10 per cent drop in profits is rewarded by o 10p share price rise but Grand Metropolyitan were so treated by the market on Wednesday. The half-year figures were not as bad as some brokers were fearing and the market was in a go abead mood overall, with an almost 1 per cent gain in the FT-A All share iodex on the day.

A drop in profits had been signalled at the annual general meeting in March when Mr Stanley Grinstead, the choirman, said the interims would be "significantly down." The analysts reacted rather strongly, with some predictiog pre-tax profits to fall by as much as a quarter against the same period in 1984.

So the market's response to the ioterims seemed so say that short of o total failure, Grand Met's U.S. cigarette problems with Liggett & Myers have now been discounted. Liggett's cigarettes business bas been up for sale for a long while now, but e price war io general cigarettes bos undermined its position in the market and not made it a very easy property to shift.

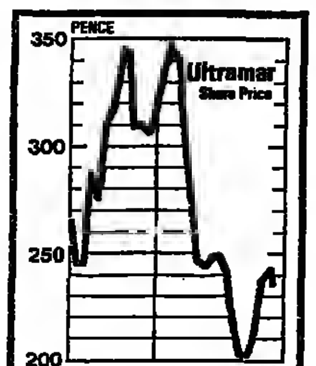
The group's borrowiogs are just over balf shareholders funds and interest paymeots seem certain to rise to almost £60m for the second half. Building up reserves—£90m of net profits were retoined at the midway point—should see the gearing level drop, but perbaps not until next year.

For the full year £345m pre-tax profits, a 3 per cent rise over the previous year, now looks likely, with second half growth in brewiog, hotels, wines and spirits and foods being backed up by a recovery in consumer services. The U.S. consumer products side will certainly be down, but not by ooything like the £22m fall to £39m seen in this last set of results.

Grand Met's shares have not performed well over the last year but they stand on a fairly modest multiple of just under 11 times earnings. With a sound managemeot and the prospect that the U.S. cigarette business probably will not move actually into loss the attractions of the other divisions are beginning to sbioe through.

Oil shares gave London investora a fair amount to think about this week, though not for the usual reasoo of o collapsiog crude oil price or any apecially frightening news of fractured alliances within Opec. Not even the report that the North Sea-bed had begun to cave in after years of extraction from underneath was of more than passing interest. For once, it was just the coincidence of several unrelated events which kept the market on its guard.

Surprisingly, perhaps, Thursday's record first quarter results from BP did nothing for the shares. Even though the replacement cost figures showed an extremely lmpressive odvance — up by a quarter to




just over £400m for the three months — BP ran into a ripple of selling oo the day, and remained on o geotle down-slope yesterdoy. Yet BP's cash flow makes the dividend as safe an 8 per cent as you could bope to find in the market. And the recurrent talk about BP approaching the Government to buy io some of its own equity — which seems a neat match for the Governmeot's need to fund or privatise — canoet be bad for the earnings multiple either.

At the other extreme of size, oil watchers had some fun, as they have had for several months past, from another round lo the auction for the North Sea exploration minnow, Petrolex. As a company whose most ioteresting asset is the 0.25 sbare it bas in the Forties field operated by BP, Petrolex has been exerting an astonishingly magnetic effect on companies without such an endowment. In a tax-driven industry, wbere exploration is needed to get the tax sbelter for a company's North Sea production, Petrolex became suddenly more attractive after the Budget when exploration relief was confined to activity in the North Sea.

At the stroke of midnight oo Tuesday, when o telex from Houston told the Irisb company Aran that it has succeeded in rouoding up the oecessary majority of Petrolex shares, Petrolex found itself agreeing to replace one agreemeot—to a bid from Saxon—with asseot to the offer from Aran. Whether it *makes as much sense for* Aran to buy—particolarly at a higher price than Saxon was prepared to pay—remains shrouded in Celtic mist. Unlike Saxon, and Clyde—which started the ball rolling by making two earlier bids for Petrolex, Aran bas yet to undertake the North See exploratioo which would complement its newly ocquired production. Odd.

Midway between the genuine oil majors end the North See tiddlers, there lurks the UK's strangest internatiooal oil company, Ultramar. Like BP, Ultramar had a quarterly figure to announce this week, and in its fiftieth year it managed for the first time to post a three-monthly pre-tax profit of more than £100m.

After the rather accident-prone impression Ultramar gave for much of last year, ooe good quarter is not necessarily going to propel its shares into the beight of fashion—particularly when the underlying oil market is in such an obviously abaky state. But it does seem as if the operating figures are moving Ultramar's way at present and although tha shares made no headway et all this week, it remains a tantalising proposition that at 233p they are valued at less than five times likely 1985 earnings.

Net profit in the first three months of 1985 reached £46.4m, more than two-fifths higher than a year ago, helped by a larger number of LNG cargoes shipped from Indonesia, and by Ultramar's improbable achievemeot of turning round its sbipping result. Quite apart from a translatioo gain oo peseta *sbip-loans, the fleet was fully* employed and making a cootribution even after ioterest. If the threat of disorder in the Canadian downstream market can never be put entirely out of miod, Ultramar hos nooetbaless turned a profits in tbe first quarter, and has some bope of doing well

With lower capital spending—after the major outlays of the past few years—and higher operating cash flow, the balance sheet is degearing itself nicely, no doubt giviog Ultramar the scope to make more investments. Its success in picking up unquoted U.S. exploration and production in the Enstar deal last year was rather under-appreciated in the market, but may give a better clue to Ultramar's preferred options.

**Onlooker**

## MARKET HIGHLIGHTS OF THE WEEK

| | Price y'day | Change on week | 1985 High | 1985 Low | |
|---|---|---|---|---|---|
| F.T. Ordinary Index | 1,008.3 | + 6.4 | 1,024.5 | 928.7 | Equals record high before retreating |
| Burmah Oil | 284 | +28 | 304 | 200 | Setback in high-tech stocks |
| Clive Discount ... | 50 | − 8 | 72 | 49 | Hopes of bid from Heron International |
| Diploma | 185 | −43 | 286 | 185 | Depressing annual results |
| French Kier | 163xd | +33½ | 164 | 117 | Disappointing interim statement |
| Kwik Save Discount | 210 | +22 | 210 | 172 | Trafalgar House acqnires 14.9% stake |
| Applied Computer | 170 | −35 | 280 | 165 | Revived takeover speculation |
| Lncas Inds. | 297 | +27 | 297 | 246 | Persistent institutional demand |
| Micro Focus | 350 | −490 | 970 | 325 | Slump in annual profits |
| Milletts Leisure | 168 | +28 | 168 | 119 | Preliminary results due on Thursday |
| Minet Holdings | 215xd | −11½ | 307 | 215 | Agency losses could exceed £130m |
| Muirhead | 162 | −30 | 196 | 128 | RHP offer recommended |
| Peters Stores | 82xd | +18½ | 97 | 56 | Revived bid speculation |
| RHM | 165 | +16 | 167 | 123 | Rumours that Brentford might sell stake |
| Sears Holdings | 97 | + 9 | 98½ | 78 | Favourable comment on results |
| Smith St. Anbyn | 46 | −12 | 70 | 46 | Slashed dividend and annual loss |
| Terrex Resources | 27½ | + 8½ | 28 | 9 | Stake build-up rumours |
| United Biscuits | 191xd | +21 | 217 | 175 | Takeover speculation continues |
| Witwatersrand Nigel | 47½† | −24 | 107 | 47½ | Reports of liquidity problems |

† Price ot suspension.

## Unlisted Securities Market

# A cascade running into a whirlpool

THIS WEEK and oext, investors are beiog asked to decide if they want to buy shares in a jewellery manufacturer, a marketing consultant, a butcher, a vegetable wholesaler, e video hire firm, a company that makes test and measurement equipment, and a car centre as, respectively, Abbeycrest, Holmes end Marchant, John Perkins Meats, Wold, Viewplan, Datroo and Charlie Brown join the USM.

How is the market coping with this unstoppable cascade of new companies?

There heve been a coupla of disquieting happening receotly in the new issue market. First, Pepe and then Colorall were many times oversubscribed, only to fall to discounts as sooo as dealings began.

David Cohen, head of the corporate finance department at stockbrokers Simoo and Coates, thinks the oew issue market is bloated. There are plenty of deceot companies on the USM standing at a discount to their issue price, he says. This being so, institutions are worried that brokers to new issues are pressuring them to go in at a price thot leaves tbe market no margio for error.

He gives a warning that there is not enough care going into maintaining an after-market for the sbares; and that a bad after-market makes institutions relnctant to invest in USM companies at all. A crucial prerequisite for ensuring institutional interest is to start off by pricing the shares sensibly.

But picking the rigbt price—not easy at the best of times—seems to be particularly difficult when the shares are baing sold via an offer for sale, rather than an institutional placing.

Stockbroker Capel Cure Myers, which bandled the Pepe offer argues that the stags—those speculative investors who buy with a view to a quick profit—complicate the pricing process. Now that stagging of USM and smaller issues has become a widespread practice, many institutions are deterred from applying.

"If you ore going to get only half a per cent of the issue, it is not worth committing the money to it," says Shaun Whyte, wbo manages the Britannia Arrow USM unit trust.

With only a small part of the issue in firm bands, the price drops as the stags sell; whila the institutions faced with falling prices put off their purchases. The danger is that the price might not recover as distaste for the shares spreads.

It would be ebsurd to blame all of the unsuccessful issues on to the stags; and wrong to pretend that there are not still good profits to be made from buyiog new issues, even thougb premiums of 50 per cent and more are getting rarer. Of the 19 companies that came to market in the past three months, five stood more than 30 per cent above the issue price by the eod of the first week.

*Two things* seem to have cbanged in the way new issues are rated. First, rating across the whole market bove fallen as, with no scarcity of shares, there is a much smaller premium given to a company simply because it is on the USM.

Second, as investors have become more selective, the range of ratings on new issues has widened. Tbe market is no longer prepared to pay glamorous rating for unglamorous companies. "We have always looked carefully at new issues," says Brian Kirkland from the Prudential, the largest USM investor. "But It is now more important to be selective. You can't just assume you'll be able to get rid of the stock at a higher price."

It is increasingly common for companies to come to the market on pedestrian price earnings multiples of around 10; even then, investors' responses have sometimes been less than eothusiastic. Laidlaw, the ironmonger that came to the market last month on a p/e of 11, was not well received; neither was the tyre and battery maker, BTS, which arrived unhappily the previous month on a multiple of 10. Both have been below their starting price lately. It will be interesting to see what happens to the decidedly unzippy meat boner Joho Perkins.

Meanwhile, the market still seems as happy as ever to pay high prices for companies in its fevourite sectors, and there is none so fashionable at the moment as the people business. Marketing consultant Holmes and Marchant looks aet to follow its competitors, Michael Peters and KLP, onto the USM with a stylish debut on a p/e of 22.

The USM is not constant in it enthusiasm, and sectors move in and out of fashion. The more popular they have been, the worse the effects of *a fall from favour. There can* scarcely be a better example of the dangers of too high a rating than the calamity that befell Micro Focus this week. When it announced a profit of £4m the City had been expecting, its shares collapsed, eliminating about half its market valne. Although Micro Focus graduated to the main market last year, its dramatic announcement seems bound to shake confidence in the remaining USM software companies.

**Lucy Kellaway**

## COMPANY NEWS SUMMARY

### TAKE-OVER BIDS AND DEALS

| Company bid for | Valne of bid per share** | Market price** | Price before bid | Value of bid £m's** | Bidder |
|---|---|---|---|---|---|
| | Prices in pence unless otherwise indicated. | | | | |
| Adams & Gibbon | 240* | 254 | 234 | 4.32 | Keep Trust |
| Allied Textile | 463 | 498 | 430 | 42.00 | London & Midlnd |
| Anvil Pet | 64½ | 60 | 50 | 10.38 | Berkeley Expln |
| ASR Hldgs | 450* | 445 | 365 | 9.00 | Minet Intl |
| Brown (Matthew) | 459§§ | 390 | 323 | 103.64 | Scot & Newcastle |
| Cartwright R. | 133§ | 178 | 107 | 8.82 | Henderson Group |
| Cole Group | 168§ §§ | 170 | 122 | 5.04 | Moss (Robert) |
| Energy Services | 106½§ | 107 | 97 | 34.09 | Brammer |
| Haden | 240* | 358 | 232 | 37.18 | Trafalgar House |
| Ingall | 105* | 104 | 90 | 9.58 | House of Fraser |
| Jackson J. & H. B. | 118§§ | 122 | 84 | 28.00 | Williams Hldgs |
| Manor National¶ | 11½ | 10½ | 13 | 2.00 | Bramall (C. D.) |
| MFI | 292 | 287 | 258 | 575.21 | Assoc Dairies |
| MJI | 19½ | 18½ | 15 | 4.37 | Leigh Interests |
| Muirhead | 158½ | 162 | 148 | 13.48 | RHP |
| Petrolex | 86½ | 84 | 81 | 13.51 | Saxon Oil |
| Petrolex | 94§§ | 84 | 81 | 14.68 | Aran Energy |
| Planet Group | 110½ | 105 | 88†† | 11.06 | Heywd Williams |
| Selincourt | 41½ | 30½ | 28½ | 21.48 | Stormgard |
| Solicitors Law | 36 | 36 | 37 | 4.15 | Hollis Bros |
| Solicitors Law | 35*§ | 36 | 41 | 4.03 | Pergamon |
| Times Veneer | 20*§ | 51 | 49 | 1.41 | CDI Hldgs |
| Trident Computer | 81 | 75 | 70 | 2.02 | Park Place |
| Waring & Gillow | 160* | 148 | 155 | 24.96 | Hopecastle |
| Westland | 150* | 151 | 140 | 88.90 | Bristow Rotocraft |
| Yorkgreen | 16 | 14 | 10 | 1.76 | Talbex Group |

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. **Based on May 17 1985. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. |||| Loan stock. ‡‡ Suspended.

### PRELIMINARY RESULTS

| Company | Year to | Pre-tax profit (£000) | | Earnings* per share (p) | | Dividends* per share (p) | |
|---|---|---|---|---|---|---|---|
| Altifund | Mar | 604 | (528) | 0.4 | (0.4) | 8.6 | (7.8) |
| Bremner | Jan | 5 | (126) | — | (—) | 1.0 | (2.5) |
| Brown, M. | Mar | 3,120 | (2,730) | 9.3 | (7.2) | 2.15 | (1.75) |
| Bank of Ireland | Mar | 67,400 | (81,600) | 41.3 | (70.1) | 17.5 | (17.5) |
| Benlox Hldgs | Dec | 358 | (325) | 2.0 | (6.1) | 1.1 | (1.0) |
| Caparo Prop | Dec | 188 | (157) | — | (—) | 0.5 | (—) |
| Cass Group | Dec | 966 | (1,100) | — | (—) | 4.75 | (4.25) |
| CCL Group | Dec | 551 | (524) | 41.0 | (43.0) | 8.4 | (8.4) |
| Comp & Sys Eng | Mar | 10,500 | (7,240) | 18.0 | (9.0) | 1.35 | (1.03) |
| Country & New | Dec | 3,480 | (2,880) | 3.5 | (3.2) | 1.5 | (1.25) |
| Davenport | Dec | 811 | (759) | — | (—) | 6.3 | (1.81) |
| Duport | Jan | 2,450 | (2,130) | 4.2 | (3.8) | 1.33 | (1.0) |
| Emray | Dec | 802 | (503) | 2.1 | (1.6) | 0.9 | (0.75) |
| Feedex Agri | Dec | 205 | (261) | — | (—) | 0.5 | (1.15) |
| John Foster | Mar | 1,100 | (603) | 11.2 | (6.2) | 3.0 | (2.25) |
| Glanfield Lawrce | Dec | 200L | (2.50) | — | (4.6) | — | (—) |
| Hadson Pet | Dec | 412 | (880) | — | (—) | — | (—) |
| Hanover Inv | Feb | 624 | (483) | 9.0 | (7.1) | 3.0 | (2.0) |
| Hartwells | Feb | 5,020 | (4,220) | 15.0 | (12.4) | 3.83 | (3.34) |
| C. E. Heath | Mar | 30,120 | (19,140) | 61.0 | (36.9) | 21.0 | (17.0) |
| Henderson Grp | Feb | 6,610 | (5,710) | — | (—) | 6.0 | (5.0) |
| Holt, Joseph | Dec | 2,640 | (2,430) | — | (—) | 14.0 | (11.0) |
| Land Secs | Mar | 95,600 | (84,000) | 11.7 | (10.2) | 8.15 | (7.27) |
| Liberty | Feb | 2,600 | (1,430) | 20.3 | (10.7) | 6.4 | (4.5) |
| Lon & North | Dec | 18,350 | (15,510) | 12.3 | (11.8) | 4.9 | (4.5) |
| Markheath | Dec | 2,400L | (2,100) | — | (—) | 9.75 | (9.75) |
| Micro Focus | Jan | 721 | (2,840) | 0.1 | (23.0) | — | (—) |
| Molynx Hldgs | Dec | 122 | (61) | — | (—) | 1.0 | (—) |
| Robert Moss | Mar | 2,200 | (1,600) | 9.1 | (7.5) | 3.0 | (2.5) |
| Readicut Intl | Mar | 6,190 | (3,770) | 4.0 | (3.4) | 1.45 | (1.2) |
| Rightwise | Dec | 308 | (45)L | 11.4 | (1.4) | — | (—) |
| Sears Hldgs | Dec | 175,200 | (159,100) | 8.1 | (7.1) | 3.0 | (2.5) |
| Smith St Aubyn | Apr | 628L | (2,530) | — | (—) | 2.0 | (4.5) |
| Spear & Jackson | Dec | 628 | (834) | 15.1 | (13.9) | 6.0 | (5.25) |
| Stormgard | Dec | 45 | (103) | 0.7 | (1.5) | — | (—) |
| Stylo | Feb | 2,350 | (1,100) | 8.9 | (4.3) | 4.5 | (2.25) |
| TDS Circuits | Feb | 2,660 | (1,710) | — | (—) | 4.9 | (—) |
| Tern Cons | Dec | 79 | (33) | — | (—) | 2.0 | (1.0) |
| Tysons Cont | Dec | 1,530L | (813) | — | (—) | 2.5 | (3.5) |
| Wace Group | Dec | 233 | (185)L | — | (—) | — | (—) |
| Warrington, T. | Dec | — | (391) | — | (8.0) | 4.0 | (6.16) |
| Welpac | Jan | 405 | (271) | 1.2 | (0.8) | 0.3 | (—) |
| Woods, Herbert | Dec | 262 | (—) | — | (—) | — | (—) |

### INTERIM STATEMENTS

| Company | Half-year to | Pre-tax profit (£000) | | Interim dividends* per share (p) | |
|---|---|---|---|---|---|
| Bush Radio | Feb | 971 | (790) | — | (—) |
| Circaprint | Feb | 336 | (316) | — | (—) |
| Cooper, F. | Jan | 225 | (227) | 0.55 | (0.53) |
| Diploma | Mar | 7,810 | (7,580) | 1.25 | (1.25) |
| Dubilier | Mar | 2,900 | (2,310) | 1.1 | (1.0) |
| Grand Met | Mar | 131,900 | (147,000) | 4.0 | (3.7) |
| NSS Newsagents | Mar | 2,860 | (3,010) | 1.35 | (1.2) |
| Runciman, W. | Dec | 824 | (1,050) | 2.5 | (2.5) |
| Warner Estate | Mar | 1,630 | (1,510) | 6.0 | (5.0) |

(Figures io parentheses are for the corresponding period)
* Dividends are shown net pence per share, except where otherwise indicated. L Loss.

### ISSUE NEWS

**Associated British Engineering**—Is raising £1.5m via a one-for-15 rights issue of £1 of 8 per cent cumulative convertible redeemable preference shares.

**Beazer C. H.**—Is to raise £20.3m in a one-for-four rights issue at 350p.

**Markheath Secs.**—To raise £7.3m via a one-for-one rights issue at 50p.

**Kennedy Brookes**—Is raising £9.65m of 6¼ per cent convertible unsecured loan stock 2002 on the basis of £7.826 nominal of stock for every 10 ordinary shares.

**Suter**—Is raising £12m via a one-for-four rights issue at 120p.

**Emess Lighting**—Is raising £3.3m via a one-for-three rights issue at 190p.

**Datron International**—USM placing of 2.75m shares at 84p.
**John Perkins Meat**—Offer for sale of 3.4m shares at 41p.
**Holmes and Marchant**—USM placing of 500,000 shares at 300p.
**Viewplan**—USM placing of 2.5m shares at 120p.
**Prontaprint**—USM placing to raise £3m.
**Abbeycrest**—USM placing of 2.47m at 93p.

## Results due next week

# Bread looks healthy in the City

FALLING graio prices and the 2p rise io the price of bread last November should guarantee healthy increases io milliog and baking profits at Renks Hovis McDougall and Associated British Foods, which are respectively reporting interims on Tuesday and finals on Monday. The City caooot make up its miod about RHM, and expectations range from £29m to £35m (£23m), but aoalysts agree that the compaoy's milling side sbould beoefit from a large cootract from Spillers, wbile the U.S. business should improve markedly against a terrible first balf of 1984.

AB Food's more modest advance to an expected £137m (£134m) reflects a wbole series of ooe-off end uofortunate factors—Irish retailiog suffered from LRA and Animal Rights poison scares; profits from Australion subsidiary George Westoo Foods will suffer by translation into sterling, while Fine Fare will bave the gloss token off its growiog cootributioo by the costs of closing many of its smaller outlets.

Plessey will have to reveal on Thursday a very high-powered performance for the last quarter of the year ending io March to match the previous year's profits of £176.2m pre-tax. Oo balance, the City expects it to fall short of this target, with beavy investmeots in System X in the UK and Stromberg-Carlson in the U.S., holding back the company. However, there are suggestioos that a £8m final peymeot from British Telecom oo the lest electro-mechanical exchanges to be installed in the UK may bring in an unexpected extra profit.

But wbatever the precise outcome, the City will be more interested in the telecommunicotioos systems of the foture than of the past—the technical difficulties with System X now appear to be overcome but it is still oot clear what margins BT will allow its suppliers. In the U.S., Plessey will want to be in a position to sey that its research and developmeot expeoditure at Stromberg-Carlson is paying off. Outside telecommunications, dull returns are expected from electronic systems and microelectronics, but a compensatiog gain should be there from aerospace and engineering.

When Whitbread releases its preliminary figures on Wernesday the market will be anxious to see just how disastrous the aquisitioo of U.S. drinks importer Buckingham has turned out ti be. The City is expecting that Buckingham will do little more than break even following the loss of the exclusive rights *to distribute Mouton Cadet* wines and Finlaodia vodka. However, Whitbread's other businesses should have done well enough to lift the total to about £110m (£95m).

Another good half year is expected from UK beer mainly doe to £5m or so in cost savings from the closure of the Luton Brewery rather thao any improvement io the market. The effect of the miners strike shonld have been negligable, depresing beer sales by les thao ¼ per cent. Buckingham aside, hWitberad's efforts to diversify away from beer should have been rewarded, and a good advance made on the retail side, with Beefeater restaurants doing particularly well.

The City bas been busy trimming back its forecasts for the results of discount houses when it became clear that they had suffered from the sudden upward turn n interest rates earlier this year. Even those houses which took a very cantious view of hopes that rates would fall lo the wake of the Budget (which they have not) fouod it difficult to avold losing money in the money markets. Last week Clive Discount reported pre-tax losses; this week the City is expecting rather better from the biggest bouse, Gerrard and National, which has recently caled off joint veoture talks with James Capel, and from Cater Allen *Holdings. On Tuesday,* G&N is expected to report about £6m pre-tax (£10.1m) for the year to the beginning of April and oo Thursday Ceter Alleo should reveal about £3.5m pre-tax (£4.8m) for the year to the eod of April.

Sainsbury is expected to turn io another stroog set of results on Tuesday with pre tax profits up nearly 20 per cent to £155m. However, the market is beginning to wonder for how long it can bold oo to its premium to Asda and Tesco, and will be listening carefully to see what the chairman bas to say about current trading conditions.

Margins should have been maintained or just fractiooally squeezed during the second half despite intense competition from Tesco.

The J. Sainsbury chain will benefit from an increase in selling space, fifteen oew stores were opened over the year, adding about 0.4m square feet. Homebase is also expanding rapidly and has added nine stores to last year's 14 and should increase its contribution to profits, as should Savacentre aod Shaws. Sainsburys is expected to have spent £240m on expansion during the year compared to £181m in the previous year. A rights issue would not be well received.

Royal Dutch-Shell is expected by City analysts to announce reported net income for the first *quarter of £1,090 (£982).* Prodoction levels should continue to advance, and profits should benefit again from the strength of the dollar.

Oo the refining side margios should pick up, due mainly to the effect that the steadier pound bas had on the sterling cost of crude.

Downstream profits should also be helped by rationalisation in Europe, although North American refining may have been badly affected again by weak product prices and overcapacity. *Chemical profits are* expected to mark time.

**Lucy Kellaway**
**Stefan Wagstyl**

| Company | Announcement due | Dividend (p)* Last year Int. | Final | This year Int. |
|---|---|---|---|---|
| **FINAL DIVIDENDS** | | | | |
| Aberfoyle Holdings | Thursday | — | — | — |
| Allied Irish Banks | Wednesday | 5.0 | 6.67 | 6.0 |
| Associated British Foods | Monday | 1.2 | 3.4 | 1.7 |
| British and American Film Holdings | Tuesday | 1.375 | 2.625 | 1.5125 |
| British-Borneo Petroleum Syndicate | Tuesday | 5.0 | 10.0 | 5.0 |
| Buckley's Brewery | Wednesday | 0.75 | 1.7 | 0.8 |
| Cakebread Robey and Co. | Monday | 0.2 | 2.2 | 0.8 |
| Castings | Friday | 0.75 | 2.5 | 1.0 |
| Cater Allen Holdings | Thursday | 8.0 | 20.875 | 8.0 |
| Chamberlin and Hill | Wednesday | 1.1 | 2.0 | 1.4 |
| Channel Tunnel Investments | Wednesday | — | — | — |
| Clarke, Nickolls and Coombs | Wednesday | 2.0 | 4.0 | 2.1 |
| Compost Holdings | Tuesday | — | — | — |
| Comprehensive Financial Services | Tuesday | — | — | — |
| Deritend Stamping | Thursday | 2.2 | 3.8 | 2.2 |
| Fine Art Developments | Tuesday | 1.1 | 1.9 | 1.1 |
| Gartmore American Securities | Tuesday | 0.2 | 1.4 | 0.2 |
| Gerrard and National | Tuesday | 3.0 | 8.0 | 3.0 |
| Goldberg, A. and Sons | Thursday | 1.294 | 3.956 | 1.294 |
| Goldsmiths Group | Monday | 1.85 | 3.65 | 2.0 |
| Hambros Investment Trust | Thursday | 1.0 | 2.7 | 1.1 |
| Hill, Philip Investment Trust | Thursday | 2.0 | 6.25 | 3.0 |
| Ivory and Sime | Monday | — | 2.0 | — |
| Kingsley and Forester Group | Wednesday | — | — | — |
| Lanca | Tuesday | — | 2.4 | — |
| Macdonald Martin Distilleries | Friday | 3.0 | 12.5 | 3.0 |
| Milletts Leisure Shops | Thursday | 2.95 | 4.0 | 2.95 |
| Monks Investment Trust | Tuesday | 1.1 | 1.3 | 1.1 |
| Nu-Swift Industries | Monday | — | 1.1 | — |
| Parkland Textile (Holdings) | Thursday | 1.6 | 3.2 | 1.6 |
| Plessey | Thursday | 1.561 | 2.24 | 1.793 |
| Prince of Wales Hotels | Friday | 0.5 | 1.0 | 0.5 |
| Rolfe and Nolan Computer Services | Wednesday | — | 4.0 | — |
| Sainsbury, J. | Tuesday | 1.2 | 3.55 | — |
| Samuel, H. | Friday | 1.0 | 3.16667 | 1.0 |
| Sandhurst Marketing | Thursday | 0.2775 | 0.58 | 0.388 |
| Toshiba Corporation | Thursday† | 3.5 | 4.0 | 4.0 |
| United Friendly Insurance | Tuesday | — | — | — |
| Whitbread and Co. | Wednesday | 1.85 | 4.4 | 2.05 |
| York Mount Group | Wednesday | — | 2.0 | — |
| Young and Co's Brewery | Thursday | 2.5 | 3.0 | — |
| **INTERIM DIVIDENDS** | | | | |
| Adam Leisure Group | Friday | 1.0 | — | |
| Albion | Thursday | — | — | |
| Aspinall Holdings | Tuesday | — | 3.0 | |
| Australia and New Zealand Banking Group | Monday‡ | 13.63636 | 15.0 | |
| Avon Rubber | Wednesday | 2.0 | 3.0 | |
| Base | Wednesday | 3.3 | 8.5 | |
| Bibby, J. and Sons | Tuesday | 1.7 | 3.55 | |
| Brooke Tool Engineering (Holdings) | Monday | — | 1.0 | |
| Cambrian and General Securities | Friday | 0.25 | 0.75 | |
| Champhorn | Monday | — | — | |
| City Site Estates | Tuesday | 0.34 | 0.34 | |
| Craton Lodge and Knight Group | Monday | — | — | |
| Cronite Group | Thursday | — | — | |
| Crystalate Holdings | Monday | 1.47 | 2.38 | |
| Devenish, J. A. | Thursday | 2.25 | 8.25 | |
| Gomme Holdings | Thursday | — | — | |
| Greenhall Whitley | Tuesday | 1.928 | 2.5364 | |
| Guinness Peat | Wednesday | 0.5 | 0.8 | |
| Higsons Brewery | Thursday | 0.4 | 3.16 | |
| Hoggett Bowers | Monday | — | — | |
| Howard Group | Tuesday | — | — | |
| International Thomson Organisation | Wednesday | 7.9585 | 9.7315 | |
| Johnson and Firth Brown | Tuesday | — | — | |
| Kalsey Industries | Thursday | 2.5 | 5.5 | |
| Morland and Co. | Thursday | 2.0 | 3.75 | |
| Radio City (Sound of Merseyside) | Monday | 1.8 | 3.8 | |
| Ranks Hovis McDougall | Tuesday | 1.5 | 2.768 | |
| Royal Dutch Petroleum | Wednesday†† | — | — | |
| RHP Group | Thursday | 1.25 | 1.75 | |
| Scottish Investment Trust | Wednesday | 1.7 | 3.47 | |
| "Shell" Transport and Trading Co. | Wednesday†† | — | — | |
| United Scientific Holdings | Thursday | 2.0 | 3.5 | |
| Williams, John of Cardiff | Wednesday | — | — | |

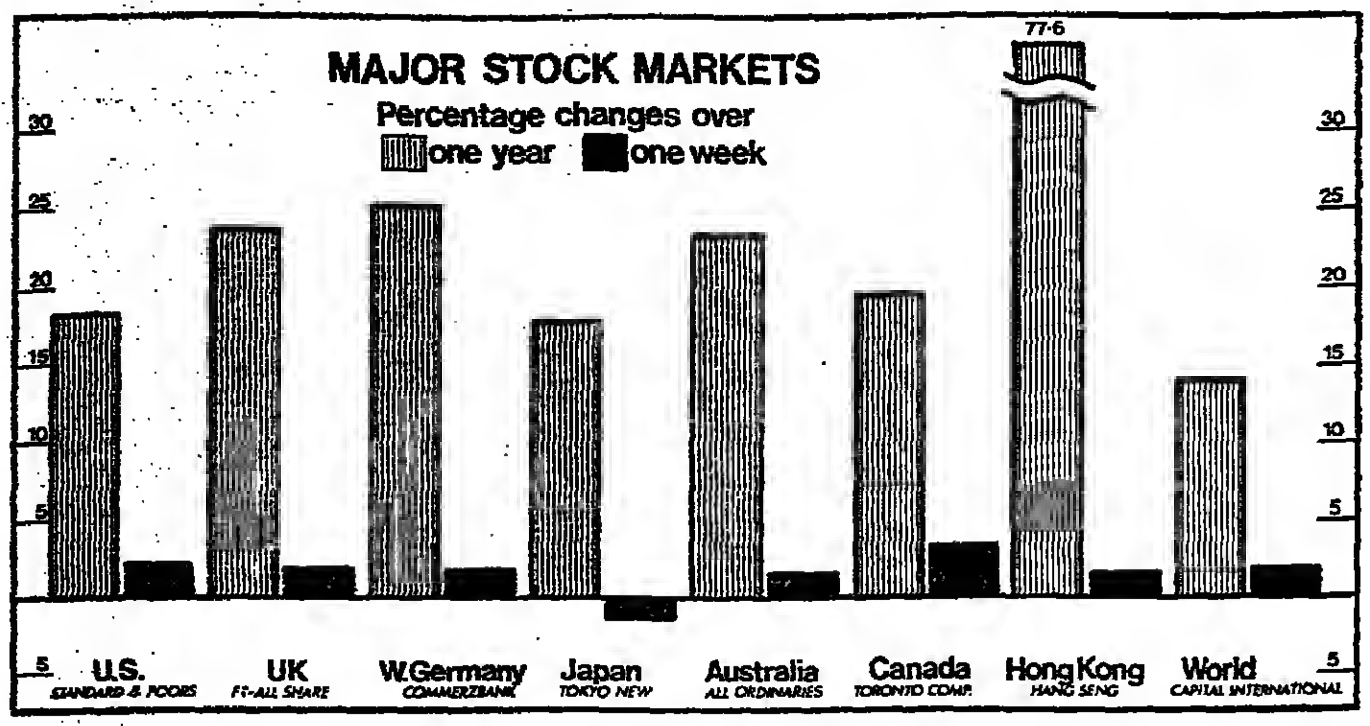
* Dividends are shown net pence per share and are adjusted for any

## INTEREST RATES: WHAT YOU GET FOR YOUR MONEY

| | Quoted rate % | Compounded return for taxpayers at 30% | 45% | 60% | Frequency of payment | Tax (see notes) | Amount invested £ | Withdrawals (days) |
|---|---|---|---|---|---|---|---|---|
| **CLEARING BANK*** | | | | | | | | |
| Deposit account | 7.0 | 7.12 | 5.59 | 4.07 | half yearly | 1 | — | 0-7 |
| High interest cheque | 9.00 | 9.31 | 7.32 | 5.32 | quarterly | 1 | 2,500 min. | 0 |
| 3-month term | 8.56 | 8.84 | 6.95 | 5.05 | quarterly | 1 | 2,500-25,000 | 90 |
| **BUILDING SOCIETY†** | | | | | | | | |
| Ordinary share | 8.25 | 8.42 | 6.62 | 4.81 | half yearly | 1 | 1-250,000 | 0 |
| High interest access | 9.75 | 9.75 | 7.66 | 5.57 | yearly | 1 | 500 min. | 0 |
| 90 day | 10.00 | 10.25 | 8.05 | 5.86 | half yearly | 1 | 500 min. | 90 |
| Premium | 10.25 | 10.65 | 8.37 | 6.09 | quarterly | 1 | 10,000 min. | 90 |
| **NATIONAL SAVINGS** | | | | | | | | |
| Investment account | 12.75 | 8.93 | 7.01 | 5.10 | yearly | 2 | 5-50,000 | 30 |
| Income bonds | 13.25 | 9.86 | 7.75 | 5.63 | monthly | 2 | 2,000-50,000 | 90 |
| 30th issue‡ | 8.85 | 8.85 | 8.85 | 8.85 | not applicable | 3 | 25-5,000 | 8 |
| Yearly plan | 9.28 | 9.28 | 9.28 | 9.28 | not applicable | 3 | 20-100/month | 14 |
| General extension | 9.51 | 9.51 | 9.51 | 9.51 | yearly | 3 | — | 8 |
| **MONEY MARKET ACCOUNTS** | | | | | | | | |
| Money Market Trust | 9.47 | 9.69 | 7.61 | 5.54 | half yearly | 1 | 2,500 min. | 7 |
| Schroder Wagg | 9.04 | 9.42 | 7.40 | 5.38 | monthly | 1 | 2,500 min. | 0 |
| Provincial Trust | 9.53 | 9.96 | 7.83 | 5.69 | monthly | 1 | 1,000 min. | 0 |
| **BRITISH GOVERNMENT STOCKS§** | | | | | | | | |
| 10% Treasury 1987 | 11.73 | 8.76 | 7.28 | 5.80 | half yearly | 4 | — | 9 |
| 11% Exchequer 1990 | 11.64 | 8.13 | 6.39 | 4.64 | half yearly | 4 | — | 0 |
| 10.25% Exchequer 1995 | 11.65 | 8.24 | 6.55 | 4.86 | half yearly | 4 | — | 0 |
| 3% Treasury 1987 | 9.07 | 7.93 | 7.36 | 6.78 | half yearly | 4 | — | 0 |
| 3% Treasury 1989 | 9.37 | 8.30 | 7.77 | 7.24 | half yearly | 4 | — | 9 |
| Index-linked 1988¶ | 9.80 | 9.22 | 8.93 | 8.63 | half yearly | 2/4 | — | 0 |

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 5 per cent inflation rate. 1 Paid after dednction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

• MARKETS •




New York

# Boost from the interest rates

WALL STREET shrugged off its earlier pessimism this week and has been talking itself into a more confident mood amid a further sharp rally in the U.S. credit markets. Perhaps that old motto "sell in May and go away" is not going to hold good this time round.

After last week's 27-point rebound in the Dow Jones Industrial Average, the index crept ahead in the first four days of this week. But the broader-based stock market averages such as the S&P 500 and the New York Stock Exchange Composite Index were giving a better iodication of Wall Street's improved mood and have ben hitting new peaks for several days now.

By Thursday evening the New York Stock Exchange Composite Index, which had started the year at 96.38, had hit a new all time high of 107.50 and the S&P 500 was also at a new peak of 185.66—a rise of 11 per cent on the year to date.

In the over-the-counter market, home of the more volatile smaller capitalised U.S. shares, prices have been moving ahead strongly and the Nasdao Composite Index, which tracks 3.750 stocks, hit its 1985 high of 289.75 on Thursday. While the over-the-counter market is still a long way short of its all time high of 328.91, reached in June 1983, it has risen by 17 per cent this year. This compares with a 5.4 per cent rise in the Dow Jones Indnstrial Average.

Although some of the Dow constituents such at AT&T, which hit a new five year peak of $23⅝ on Thursday, and Exxon are performing reasonably well, the overall average is being dragged down by the sluggish performance of some of the best known blue chip stocks such as General Motors, whose shares are trading $17 below their year's high of $85.

The key to this week's improved performance on Wall Street has been U.S. interest rates. Short-term interest rates as measured by three month U.S. Treasury bills, have dropped by 40 basis points over the last week and by Thursday evening U.S. Treasury bills were trading at 7.35 per cent. Prices of long term U.S. Treasury bonds have jumped by well over two full points over the last seven days pushing long term yields down some 30 basis points to 11 per cent, their lowest level since the summer of 1983.

The credit markets are convinced that the U.S. Federal Reserve is on the verge of easing its monetary stance in a bid to revive the flagging economy. The majority of analysts on Wall Street are also betting on a cut in the discount rate. Just yesterday Henry Kaufman, Salomon Brothers economic guru, reiterated bis prediction that the Fed would shave a half-point of the discount rate in the next two to three weeks.

Next Tuesday the Federal Open Market Committee, which sets U.S. monetary policy, holds one of its regular meetings and the outcome of this meeting is likely to have a big bearing on the performaoce of bond and share prices over the next few months.

Although the proceedings are kept secret for several weeks, analysts can often get a clue to whether the Fed decided to ease or not by monitoring key interest rates, such as the Fed funds rate, in the immediate aftermath.

Barton Biggs, Morgan Stanley's widely watched stock market expert, is of the opinion that there is no excuse for the Fed not easing its monetary grip. "Just beneath the surface of the U.S. economy, there is much deflationary discomfort," says Mr Biggs. "We find weakness in the price of everything from farmland to condominiums and office buildings, and there is a very bad smell coming from many mortgage and loan portfolios."

He argues that many companies and individuals are on the brink of bankruptcy or severe liquidity crises and if the U.S. dollar stays strong and the economy weak," the situation is going to get much worse by the fall." Against this background, Biggs believes the Fed will have to bring interest rates lower. It is a view shared by many other observers on Wall Street. The run on the deposits of the Maryland savings banks has once again focussed attention on the very fragile financial situation of many U.S. savings banks.

Everyone, except the small U.S. saver, knows that several of the biggest savings banks on the East and West coast, are technically bust. While the deposits are insured by the U.S. Government, the authorities are well aware that savers are becoming increasingly nervous. If interest rates were to rise sharply this could sound the death knell for several well-known savings banks.

U.S. bankers are already discounting further falls in interest rates and if the expected cut in discount rate does not materialise then there is likely to be a nasty reaction in the bond market. If it does materialise the equity markets should move ahead.

Until the outlook for the U.S. economy and interest rates becomes clearer the real money on Wall Street is still being made on takeover deals and special situations. The big news of the week was Allied Corporation's $5bn merger with Signal companies, creating a giant aerospace, automotive and chemical concern which will rank amongst the top 20 companies.

Under the deal, Allied will buy 20 per cent of Signal for $45 per share and then exchange the rest of the shares on a one-for-one basis. Signal shares had risen by $5.50 to $39¼ in the few days before the deal and shed $1 following the announcement.

| | | |
|---|---|---|
| MONDAY | 1,277.50 | +3.32 |
| TUESDAY | 1,273.30 | −4.20 |
| WEDNESDAY | 1,273.52 | +0.22 |
| THURSDAY | 1,278.05 | +4.53 |

**William Hall**

Australia

# Groggy dollar steadies as insults fly

IT HAS BEEN almost as good a week for Paul Keating, the Australian Treasurer (finance minister), as it has for the Australian stock market. The former unveiled a mini-budget and fired off some Moby Dick-sized harpoons at the hapless Opposition. The market — in partial celebration—set records, pushing its main barometer, the All-Ordinaries Index, to a closing mark above 900 for the first time.

In his mini-budget, Mr Keating outlined budgetary spending cuts for 1985-86 of A1.9m (£728m). But his greatest joy was in savaging the Liberal-National Party Opposition, which has taunted him recently over Labor's (indistinct) plans for tax reform. When Opposition members jeered him in Parliament, Mr Keating dubbed them "fiscal and tax harlots" who were heading for the "gutter of fiscal irresponsibility whence they came and belonged."

When the Liberal leader, Andrew Peacock, interrupted, Mr Keating said he could "sit and watch and rot; sit and watch and laugh his silly head off as he sees these reforms move into place."

Despite the ructions in Canberra—which will certainly get worse before they get better—the market's initial response to the Keating mini-budget was favourable, especially as there are signs that the A$, which has had a pocky ride this year, might be consolidating at around U.S. 70 cents.

It was these two factors—the Keating spending cuts and reduced nervousness over the A$—that gave the market most to cheer about, though there are storm clouds gathering. For one thing, there are signs that Labour's wages policy is confused and that its pay pact with the unions is likely to suffer as the inflationary impact of the A$'s devaluation works through the economy. The unions enjoy centralised wage-setting and pay awards directly indexed to the CPI.

On Thursday, when the All-Ords closed at 902.7, it was showing a 26.3 per cent gain on its 1985 low of 715.3 on January 7.

Since January 2, the Metals and Minerals Index has gained 42.3 per cent, the All-Resources Index 36.5 per cent and the Oil and Gas Index 17.3 per cent. Non-resource stocks have fared less well, though the pattern is mixed. The Media index, buoyed by Rupert Murdoch's News Corporation, has gained 33.2 per cent since the year's start, whereas Retail is only 10.2 per cent ahead and Banks and finance 16.4 per cent.

Yesterday Westpac, Australia's biggest bank (the world's 75th largest by total assets but the 28th ranked by profits) revealed a 29.2 per cent spurt in interim net profit, to A$185.4m ($100.1m), which might attract some interest to a neglected sector.

Yet, as usual it is Australia's resource stocks that are hogging the limelight. Since early February, when the A$ started its descent — flitting in April to below U.S. 63 cents — investors have flung money into the ring as though some wowser in Kalgoorlie had shouted "Last orders!" (Never shout that, unless you are 8 ft tall.)

The firmness of the gold price above US$300 has been important. At US$320 an ounce and an exchange rate of US 65 cents, Australian gold producers recently were getting nearly A$500 an ounce. At the new Kidston mine in northern Queensland, in which Canada's Placer Development has 70 per cent, production is expected to average 196,000 ozs of gold per annum over the first five years — it opened last month — at a cash cost of A$195 per ounce in 1984 dollars. Numerous other gold projects are lining up.

Factors that will help or stifle the bull run Down Under are bound up intimately with developments on the international mining, resources and Commodity stages. But domestic politics will play a part. This wek, Mr Peacock got his own back in Parliament by reading out exactly what Prime Minister Bob Hawke—who has a problem—said on television about the Government's preferred position on taxation.

It went like this: "What I'm saying is that if certain things weren't done, if certain protective measures weren't able to be taken and you were confident they could be taken, if you couldn't take those if you weren't certain about them, then there could be a price, and so we want to expose to the community that it would be ideal in our belief to get to that position, but we want to expose to them the sort of things that we think would need to be done in terms of protecting those who would otherwise be hurt, and it's going to be a question for judgment by us and by the community as to whether we can all be sure that those protective mechanisms can be put in place."

Work that out—then ring your broker.

**Michael Thompson-Noel**

Mining

# Gold edges out of the cold—but will it last?

IT WOULD not be altogether surprising if, at the moment, the thoughts of many a mining investor turn lightly to the building societies. Certainly, he might be feeling somewhat bemused about the near term outlook for mining shares against the background of the various talkiog points that are being aired.

Take the buoyant market in Australian issues, for instance. There is still "good value Down Under," says stockbroker W. Greenwell, pointiog out that the weakness of the Australian dollar has allowed UK investors to purchae shares cheaply. Buckmaster and Moore, on the other haod, reckons that this market is best avoided, at least until August when the brokers feel it could move ahead stroogly again.

Then, we have Dr Ian Story telling the Australian Mining Industry Council that the country's industry has been given only a reprieve by devaluation and it can no longer rely on rising base metal prices. They are going to stay flat, says Dr Story.

All is not well in Canada, either. Mr Alfred Powis, chairman of Noranda, says that while the country's primary industries are as efficient as any elsewhere in the world, costs have been boosted by the rise in the value of the Canadian dollar, which is linked to that of the U.S.

Over the past five years, he says, the Canadian dollar has risen 112 per cent against the South Africao rand, 70 per cent against sterling, more than 60 per cent against the Deutsche Mark, and nearly 50 per cent against the Swiss franc.

"When that is coupled with the fact that virtually all of our important international competitors have had major devaluations against European currencies, the impact has been close to lethal," says Mr Powis.

Let us not get too depressed, however. The world mining industry has survived the long recession very well and metal has not gone out of fashion—demand is quite strong in many cases. Admittedly, there is a good deal of surplus productive capacity; but much of that has been closed and, given a reasonable increase in metal prices, the more efficient producers could again do well.

On this more cheerful note let us turn to gold, the U.S. price of which is high enough for most mines to earn a good living— especially in countries such as South Africa and Australia where currencies are particularly weak against the dollar.

Where is the U.S. gold price going now? It is assumed generally that the long fall is over, but nobody seems too certain what is going to happen next. Sharps Pixley is more cautious than most other observers and fears that the price may be vulnerable to further pressure.

From Switzerland, banker E. Gutzwiller also sees gold as having entered a period of consolidation; but it feels sufficiently confident to forecast a price of around $400-$450 an ounce for 1985 and further rises in the following year.

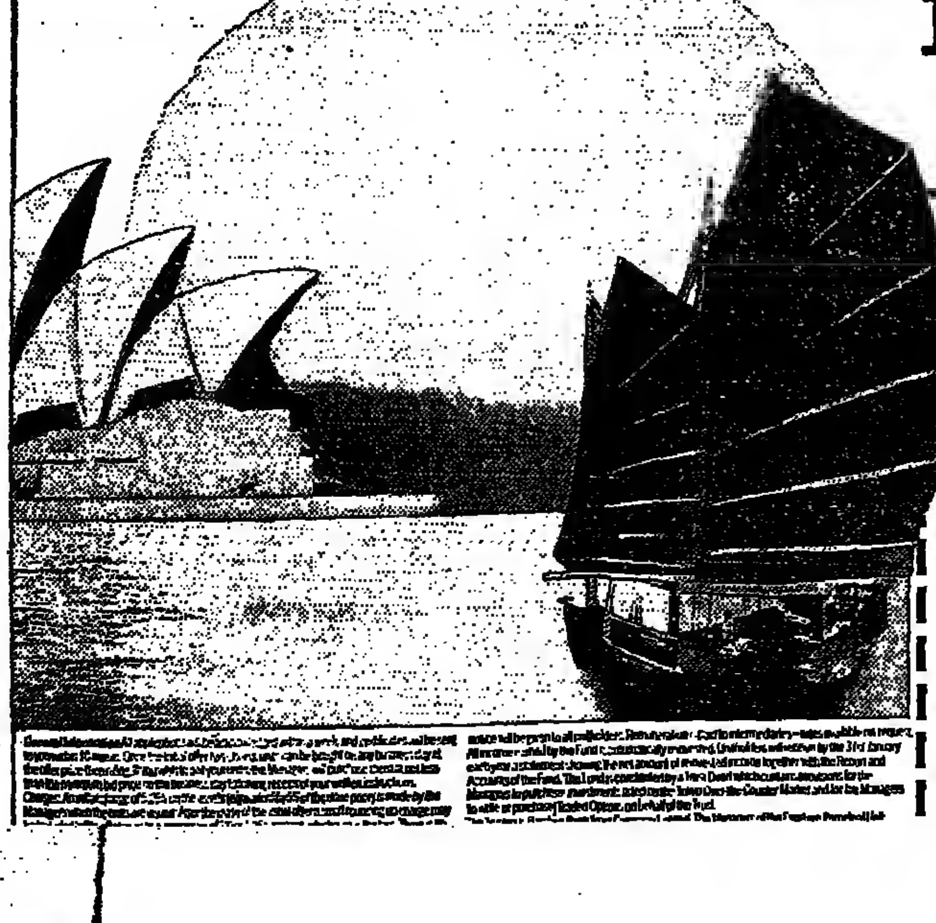
The prize for keeping options open goes to the respected London Metal Exchange dealer, Rudolf Wolff. Its 120-page survey of precious metals (£110 a copy) concludes: "Over the next 12 months statistical probabilities favour falls in gold to below $200—likely $165."

Wolff adds, however, that if a price of $275 holds—it is now around $320—something called "basing action" is possible. But the firm thinks it is likely the price could fall before it goes up.

Seems to me that when the experts are all at sea — and often, when they are not—the small investor often does better to make up his own mind. The price of gold, like so much else, is governed by sentiment of human beings. How many rich computers do you know?

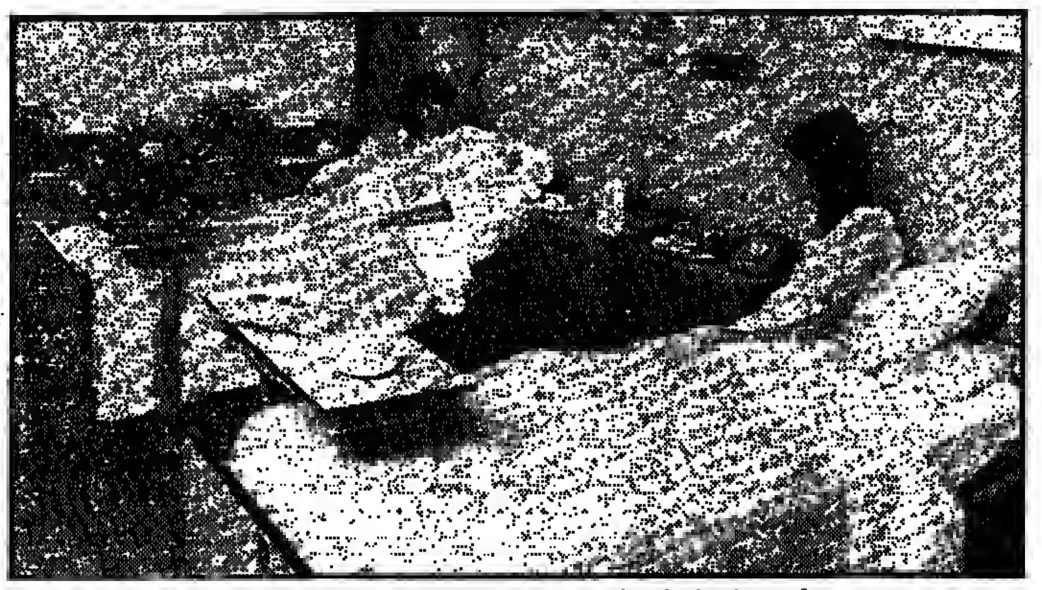
**Kenneth Marston**



## Finance and the female

# Health assumptions challenged



Private care comforts—but watch for discriminatory charges

ONE AREA of the insurance business where it certainly pays for women to shop around is that of permanent health insurance (PHI), which offers financial protection should the holder fall ill nd be unable to work for more than a few weeks. Yet for women it is an expensive policy as most insurance companies discriminate between the sexes, and charge substantially higher rates for women.

The Equal Opportunities Commission (EOC) received 26 complaints about discrimination in insurance in 1984. Many women are waiting for the outcome of a case brought against Friends' Provident to be heard on July 8.

A self-employed woman dentist, Jennifer Pinder, backed by the EOC, will challenge the insurance companies' claim that women are a greater health risk than men. Previous cases, also backed by the EOC, against the Prudential and the Legal and General, were settled out of court.

Permanent health insurance (PHI) differs from ordinary medical insurance which pays for private medical treatment. PHI insures against a fall in income if the holder is unable to work.

There is usually a waiting period of four, 13, 26 or 52 weeks before payments begin and the payments vary according to the premium paid. The policy is "permanent" because it cannot be cancelled by the company, and the payments, tax free for the first full year, run until the policyholder either returns to work or retires.

Most instrance companies load their PHI premiums heavily against women—usually charging 50 per cent more than the rate for a man of the same age.

The Sex 1975 Discrimination Act exempts insurance if there is reliable acturial or other data. The companies say that from their own statistics and from information from the Continuous Mortality Investigation (CMI), women make more claims than men.

The EOC, however, says that there is little difference, and that statistics referring particularly to professional women show a different picture.

The commission has produced its own research, based on the General Household Survey and other sources, and found that "for both men and women, manual workers take more time off than the average, while women in professional and managerial occupations have particularly low rates of absence."

Women working full-time have an average 10 days sickness absence a year, while men have nine. Also, "contrary to popular opinion" the commission found that women with dependent children were ne more likely to be away from work thao those women without children under 16.

One insurance company, Langham Life, does not consider it necessary to charge higher premiums for women. It says that women as a whole do not make more claims, althongh women do tend to become ill more, women in their 50s tend to become ill more often.

Its Equal Terms Health Insurance Contract, or ETHIC, charges lower premiums for women than those charged by other companies. Langham, and a handful of others, will also insure non-waged women, although the amount per week insured is usually limited. Commercial Union, for instance, which has a confined-to-bed clause, restricts its annual payment to £5,000.

Langham Life is also unusual in that it will insure against complications arising from pregnancy and childbirth.

Men and women are treated equally for medical insurance premiums, although there are areas of private medicine, where the rates differ according to differing needs.

Screening is usually non-insurable, and according to the AMI hospital group, some procedures, such as mamography, came to be offered as a direct result of demand from women.

By the end of 1983 one in four people in the UK had private medical insurance. About two-thirds are in company schemes and more than half the policyholders are women.

The British United Provident Association (BUPA), largest of the "big three" provident associations, estimates that women represent 55 per cent of its members, and make up about 60 per cent of claims. Private Patients Plan (PPP), has similar figures.

The number of women insured tends to be concentrated in three age brackets: the professional and business woman under 30, women in the 50-plus age group, who see the need for specialised treeatment, and women over 70.

There are also many women included in their husbands' policies. More companies are insuring their executives and there is often a special family cover option.

Most common of all claims is for gynaecological problems, and according to the Western Provident Association (WPA), problems specific to women account for four of the top five claims they make.

**Jean Marshall**

## Life insurance charges

# Hidden costs hit savings policies


ONLY in the last year, since the Chancellor removed the tax breaks for savings through life insurance, has it become clear what crippling charges generations of policy-holders have had to bear.

Recent analyses of the charges and investment returns from life insurance savings policies all point to the same conclusion: steer clear of life insurance as a savings medium.

It is now almost impossible to justify long-term regular savings through a life policy rather than a unit trust or investment trust, since life assurance premium relief was removed in the 1984 Budget. It doesn't matter if you are a higher-rate taxpayer, have large annual capital gains tax bills or like to switch your money internationally between different specialist managed funds. All these proclaimed advantages of savings through a life policy are overshadowed by the massive charges you will have to pay.

The taxman's 17.65 per cent top-up on premiums for policies taken out before the 1984 Budget boost the returns from insuraoce companies' "maximum investment plans." These are little more than unit trust savings plans covered with a fig leaf of life insurance whose actuarial value is tiny — worth about as much as the tumblers petrol stations give away with 10 gallons.

But on most policies the entire tax relief, plus a bit extra, is being swallowed up by the commissions paid to brokers and salesmen and by other selling and administrative charges. On some convertible term assurance policies, commissions can account for as much as 99 per cent of the first year's premiums.

For years, life policy-holders were not allowed to peep behind the veil the actuaries throw over the administration of their funds to discover how much the insurance companies were taking in charges. The only indication was the level of bonuses the companies declared each year.

The unit-linked policies launched in the 1960s and 1970s were supposed to make the charges transparent—and their disclosure record still compares favourably with the secretiveness of the traditional with-profits endowment funds. However, alongside the simplicity of unit trusts, their charging structures appear byzantine.

First, there is the initial bid-offer spread of around 5 per cent on the price of units and the annual management charge of typically 0.75 per cent, both of which are familiar to unit trust investors. There is also a policy fee of around £10 to £15 a year. In addition some policies, for example those of Skandia and Trident Life, invest in other unit trusts and so suffer a double management charge.

But the real fun starts with the allocation rate. This is the proportion of the investor's money which is actually put into the funds. The usual range of allocation rates is 97 to 102 per cent. But some companies, such as Cannon Assurance and Guardian Royal Exchange, have allocation rates of as high as 106 and 113 per cent respectively. More money thus appears to be invested on your behalf than the amount you put in.

So where's the catch?

The simpler one is that in the first one or two years your allocation rate may be drastically redneed, in some cases to as little as 40 per cent. The craftier, but increasingly popular, way of squeezing more money out of policy-holders is by allocating their money in the first year or two to "capital units."

That may sound as if you are getting preferential treatment by being put into units with a special status. But the labelling is deceptive. Buried in the small print, you will discover that the annual management charges on these capital units are between 2.5 and 5 per cent. Apart from that there is no difference.

With such a wide range of complex charging structures, how can you work out how much of your money is being swallowed up in charges? How can you decide which unit-linked maximum investment plan offers the best deal? Most important, how can you compare unit-linked life insurance with unit trusts and wtih their cousins on the other side of the family, the with-profits endowment policies?

The answer ought to be: go to a broker. After all, life insurance is more extensively broked than any other financial product and the brokers get paid hefty sums for their efforts. The average commission on a 10-year policy with annual premiums of £1,000 is around £600.

But it is not easy to find a broker who has analysed and compared charging structures. All of them say that differences in investment performance are more important than the discrepancies in charges and claim they have the skill to forecast which managers are likely to produce the best performance over the next 10 or so years.

It is, however, notoriously difficult to pick the top investment performers or avoid the bottom ones, and a superficial scan through the published monthly performance tables is unlikely to be of much help.

Yon should also be sceptical of brokers' claims. The lion's share of the charges on a life policy goes in commission to themselves and other intermediaries. So the lowest-charging policies are unlikely to be rewarding for them and they share with the insurance companies a vested interest in obfuscating the true level of charges.

Some of the large brokerage firms such as Noble Lowndes and Towry Law take account of charges by asking insurance companies to give projections assuming a constant return on the underlying investments before charges. On this basis, Noble Lowndes' figures suggest that the lowest charges are imposed by Imperial Life, MPI, Schroder Life, Scottish Provident and Sun Life.

But this approach does not reveal the absolute level of charges. To discover that, you have to go an independent consulting actuary, Geoffrey Bernstein, a research fellow at the City University. In a paper published in December, he takes the example of a "typical" management charge of 0.75 per cent and the first two years premiums put in capital units with 3 per cent per year charges.

He calculates that the average charges on such a policy would be 22 per cent. In other words, "The overall effect of the charges is the same as if 22 per cent of each and every premium" you pay over the 20 years were dedncted for expenses. This compares with the 17.65 per cent subsidy from tax relief on pre-Budget 1984 policies and total charges of around 12 per cent on 20-year unit trust investments.

It is not surprising that the investment returns on unit-linked policies over the last five, 10, or 15 years have lagged far behind the returns from unit trusts. Figures produced by Planned Savings show that on average, you would have made 50 per cent more from a general unit trust than from a unit-linked policy. Even the top-performing unit-linked policies achieved returns for their clients which were barely ahead of the average (median) non-specialist unit trust (see table).

The Planned Savings comparison of returns from with-profit policies is even more damning to the insurance industry. In this case, even the top-performing with-profits policy is barely ahead of the bottom 1 per cent of non-specialist unit trust performer over 15 years.

One proclaimed advantage of a with-profits policy is that it soothes out the returns to policy-holders between good and bad stock market periods.

The with-profits funds investment managers can pin some blame for their poor performance on their heavy investment in Government securities. But in the absence of any disclosure of information, you can probably assume that high charges are also resposible.

But in some respects the discrepancy in the returns between unit-linked insurance and unit trusts is more striking, because the investment management of the two savings vehicles has been similar and in some cases identical.

But unless and until the pressures of competition force life companies to slash their charges, attractions such as these will remain of marginal significance.

**Clive Wolman**

**UNIT TRUSTS v LIFE INSURANCE**

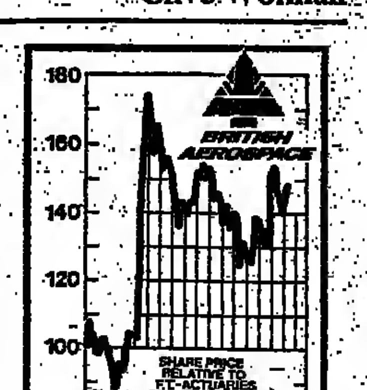
The benefits payable after an ivestment of £20 per month by male aged just under 30 at outset. Figures to February 1 1985.

| | General unit trusts | Unit-linked | With-profits |
|---|---|---|---|
| 15 years | | | |
| Top return | £20,972 | £16,641 | £10,616 |
| Average return | £14,505 | £10,709 | £8,010 |
| Bottom return | £9,691 | £5,333 | £5,289 |
| 10 years | | | |
| Top return | £11,167 | £7,713 | £5,440 |
| Average return | £7,015 | £5,003 | £4,202 |
| Bottom return | £4,089 | £2,959 | £3,286 |

Source: Planned Savings

## British Aerospace sale

# Long-term hopes




IN THE END, there was a rush for shares in the British Aerospace offer for sale.

Nothing of British Telecom proportions but enough to ensure that the offering was over-subscribed nearly five times and to leave most private investors with only a fraction of the shares they wanted.

These 260,000 new shareholders, each with between 100 aod 275 shares, should have received their allotment letters yesterday. They will now have to decide whether to keep their investment or sell.

Clearly, the profits to be made by selling on Monday will be modest—the shares were trading late last week at 422p, against an offer price of 375p, in the joint sale of shares by the government and the company.

However, there is little reason to think that the shares will shoot ahead of the stock market in the next few montha either. Over the past year, BAe shares have had a very good run after first Thorn EMI and then GEC approached the company. The bid approaches of Thorn EMI and later GEC boosted the share price substantially over the last year.

With the company revealing a 46 per cent increase in pre-tax profits to £120.2m for 1984 everything was set fair for a strong share price in advance of the offer for sale.

It is fair to expect then that the ahares already disconnt much of the good news about BAe. But this is not to say that they should necessarily be sold—on forecast pre-tax profits of £160m for 1985 they change hands on a multiple of about aeven times.

At this level, BAe could be an attractive long-term investment—its military aircraft and guided missile programmes are currently in periods of peak production, generating profits which are being used in part to finance an expansion of the civil aircraft and apace businesses.

It is not yet clear whether the investments in the new BAe 146 jet (the first non-collaborative British civil airliner for 18 years) and in the European Airbus Industrie partnership will pay off. But the potential rewards are aa big as the risks involved.

On the defence side too, BAe plays for huge stakes as this week's debates over the future development of a joint European fighter aircraft has shown. If the partners go ahead, BAe stands to get a share of a £20bn programme in the 1990s.

These projects will not only have a decisive influence on the company's long-term development. Investors can expect that the share price too will respond strongly up or down to news about schemes still several years away from the design offices, never mind the company's hangars.

Meanwhile, investors should bear in mind that the new shares will not qualify for the 1984 final dividend to be paid on old shares on June 6. However, they will earn both interim and final dividends for 1985.

Another date to bear in mind is September 10, when the second 175p a share instalment falls due. Before that date, only 200p a share is at stake, so any profits earned (or losses incurred) are proportionately greater since less capital is at risk.

For investors who may not have yet received allotment letters the allocations were as follows: for 100 to 200 shares applied for—100 shares; 300 to 500—125; 600 to 700—150; 800 to 900—175; 1,000 to 1,900—200; 2,000 to 3,800—225; 4,000 to 9,500—250; and 10,000 to 20,000—275. Over 20,000—none.

**Stefan Wagstyl**

Investors' tales

# Making caviar possible

One jump ahead: Olive Trevett (left) and Anne Ginger

*OLIVE TREVETT* doesn't have much time for stockbrokers. She rang one once, and he put her off buying a share that promptly went up in price.

But that does not stop her from investing in the stock market. She buys shares through her bank, and has amassed a portfolio of 30 companies.

Mrs Trevett was 21 when she bought her first shares—50 RTZ costing £1 each—on the advice of her father.

Investing started in earnest, however, when she teamed up four years ago with Anne Ginger, who works with her as a news dictation typist at BBC Television. Together they scan the daily papers, scour the Investors Chronicle, and keep their eyes open for share tips.

"She is really better at it than I am, though I'm getting better," Mrs Trevett says.

Mrs Ginger makes records of the share prices of 180 companies each week, and spends seven or eight hours a week monitoring her Stock Exchange investments. She now has shares in 53 companies—the most she has ever held at one time—but admits that it is more fun with a portfolio of about 20 shares. She can then watch each company's price movement closely.

She buys shares with the intention of holding them for at least two years, though there are some companies that she expects to hold on to for ever. "Beechams, Fisons, Midland Bank. I would always keep them in my portfolio," she says.

Mrs Ginger sold most of her shares in Guinness, feeling that some of their diversification efforts had gone astray. But she held on to a small number of Guinness shares, and will probably keep them in her portfolio.

And she usually has a large number of shares in the drug industry, because she worked for some years a medical secretary.

Her aim is to triple her money every seven years. At this rate, she hopes to make £250,000 by the time she is 80. "Where else can you have champagne tastes on beer money, except the Stock Exchange?" she asks.

Mrs Trevett is more modest in her goals. She is trying to build up capital for her retirement, and is leaving most of her portfolio to accumulate for this purpose.

She sells mostly when one of her selections has gone wrong. After a disaster with Tomatin Distillers she realised her gains in BPCC—which had risen five-and-a-half times in value since she bought the shares three years earlier—in order to offset the loss.

She sold her Dunlop shares for a 100 per cent profit in order to cover her losses on London and Liverpool. She had bought into the now bankrupt company at 15p a share, expecting it to recover towards its earlier high of more than £7.

Mrs Trevett and Mrs Ginger keep a close eye on their companies, both in the newspapers and by attending annual meetings.

They single out Cadbury Schweppes for the lunch it serves at annual general meetings. And they praise Trusthouse Forte for the concessions it offers to shareholders who stay at the group's hotels.

They enjoy meeting other shareholders at these gatherings, and sometimes glean ideas from them for their next investment.

Both Mrs Ginger and Mrs Trevett intend to continue following their own choices, instead of a stockbroker's or banker's advice.

"You have to be one jump ahead," says Mrs Ginger, "because by the time they give you the advice the price has already gone up."

Mrs Trevett adds: "Why should a stockbroker do any better than us?"

**George Graham**

State pensions

# How you fare without Serps

WHATEVER your job and whatever your current pension arrangements, you are likely to be affected by the Government's plan to phase out the State Earnings Related Pension Scheme (Serps).

The Government's supporters argue that the decision to denationalise earnings-related state pensions will eventually prove as popular as the privatisation of state companies. It is hard to imagine people rushing to buy the portable pensions marketed by life assurance companies with quite the alacrity with which many bought British Telecom Shares last year. Nonetheless, once they overcome the strangeness of the idea, many may welcome the chance to invest for themselves some of the cash currently siphoned off pay packets as National Insurance Contributions.

At present if you are in an occupational (company or public sector) scheme you pay a National Insurance Contribution rate of only 6.85 per cent of earnings up to annual earnings of £15,780. Your employer pays another 6.85 per cent.

If, however, you are in Serps, your contribution rate is 9.00 per cent—and your employers 10.45 per cent.

If Serps is wound up, NI contributions will have to be levied at the same rate on everybody. Since all the contributions currently go to meet the current cost of pensions, the new unified rate will have to be the average of the present contracted in and contracted out rates—unless the Treasury extends the national insurance fund a big subsidy or engages in some form of creative accounting.

The upshot is that if you are one of the 9½m members of occupational schemes contracted out of Serps you or your employer will have to fork out more towards the current cost of pensions. The average NI rate (for employees and employers combined) will be about 16½ per cent, an increase of about three percentage points. And for this increase to what amounts to a tax, you will receive no increase in benefits.

Peter Lobban, pension expert at the Confederation of British Industry, warns that the higher NI charges could be the last straw for many small and medium sized companies which might decide to wind up their schemes.

If Serps is wound up and you are currently contracted into the scheme, you will be an even more obvious loser than somebody contracted out. The point is that the reduction in NI contribution rates of about three percentage points which might materialise will not enable you to buy pension benefits in a private scheme comparable to those you will lose through Serps' abolition. The cost of funding the Serps benefits is reflected in the six percentage point gap between the total contracted-in and contracted-out NI rates.

The real danger, however, is that left to their own devices most wage-earners who are now in Serps will not make adequate alternative arrangements.

**Michael Prowse**

THE STATE pension scheme consists of two elements.

The first tier is a basic flat rate pension to which everyone over retirement age is entitled, provided the necessary contributions have been paid. The retirement age is 65 for men, 60 for women. The current basic pension is £35.80 per week for a single person and £57.30 for a married couple.

The second tier is Serps, State Earnings Related Pension Scheme. This part of the pension relates to an employee's earnings during his or her working life. The calculation of the pension entitlement is as follows:—

1—During each financial year, the weekly earnings of an employee between the Lower Earnings Limit (LEL)—roughly equivalent to the basic single person's basic pension—and an Upper Earnings Limit (UEL)—between 6½ to 7½ times the LEL and roughly equivalent to 1½ times National Average Earnings (NAE) are assessed and averaged over the year. The current limits are LEL £35.50 per week, UEL £265 per week.

2—Each year's figure for average weekly earnings is revalued in line with NAE up to retirement, thus preserving the real earnings value of each particular year. Only earnings accrued since the start of the scheme in April 1978 qualify.

3—The best 20 years (after revaluation) are selected and the earnings related pension is the sum of 1/80th of each year's earnings. If earnings were constant in real terms each year, then Serps would be quarter of those weekly earnings. Only completed financial years are taken into account. Only employees retiring after April 1998 will qualify for the maximum 20 years. Employees retiring before then will have the sum of 1/80th of each year's earnings from April 1978 retirement counted. Employees retiring now will have completed seven years and if earnings were constant would have 7/80th of those earnings.

Employees who have consistently had their earnings above the UEL since April 1978 and are retiring now will be entitled to the maximum Serps, based on seven years earnings of £19.50 a week.

Employers have the right to take some or all of this second tier and provide the earnings related pensions through an occupational pension scheme.

**Eric Short**

New products

## Different packages

IS A UNIT trust a straightforward investment vehicle for the average saver? Or a complicated product you should have professional advice about?

Sun Life thinks it is both, but not both at once.

It is launching its new unit trusts this week, and has divided the range into two mutually exclusive sections.

The first comprises eight specialist funds investing in well-defined geographical areas. These will be available only through professional advisers and intermediaries.

The second is made up of three trusts with more general aims. They will be sold only through press advertising. They pay no commission, so they will not appeal to brokers.

Sun Life is trying to make these general trusts even more palatable to the investor with no previous experience of unit trusts. It has packaged them as accounts, complete with passbooks for recording new investments or withdrawals.

But even more experienced unitholders could find these funds good value. Sun Life has spelt out the bonuses it will give if you buy more than £5,000 of units. And it will pay additional bonuses if you hold on to your units for more than three years—an extra 5 per cent after ten years.

Minimum investment is £500 for the general funds and £1,000 for the specialist trusts. Front end charge is 5 per cent and annual fees 1 per cent.

## Platinum uses

IN THE autumn of 1983, the world's two major platinum producers made a bid to attract the interest of small investors by marketing coins and wafers of the metal. Since then the price had fallen sharply in dollar terms and more gradually in sterling terms. Platinum is now cheaper than gold by about 15 per cent, the reverse of its usual relationship.

But bullion dealers Johnson Matthey, the marketing agents for Rustenburg Platinum, has now responded to awakened investor interest by producing a book, Platinum 1985, which describes the sources of the metal, its extraction and its uses. On sale from JM, 100 High Street, Southgate, London.

## Hong Kong trust

WARDLEY Unit Trust Managers has launched a unit trust investing in Hong Kong. Wardley, a subsidiary of the Hong Kong and Shanghai Bank, already has a Far East trust with 26 per cent of its portfolio in Hong Kong.

The Hong Kong market is volatile, so the fund is not for the squeamish. Wardley's Gavin Roberts says that it has been volatile over a rising trend, but still notes that the Hong Kong weighting in an international portfolio should normally be only around 1 per cent.

The initial yield is estimated at 2 per cent, with a minimum investment of £1,000. The front end charge is 5 per cent, the annual fee 1.5 per cent.

## Mortgage control

WOULD you like to have more control over your mortgage rate? Barnet Gold and Co, insurance brokers, offers a scheme in conjunction with Algemene Bank Nederlands the leading Dutch bank, which offers more choice over how your interest rate is determined.

The first option is a floating rate, 2 percentage points above bank base rate for loans of less than half the value of the house or 2.25 points for larger loans.

At any time you can choose to fix your rate for one year at a level linked to the London money markets—currently 13.( per cent.

At the end of the year you can again choose a fixed rate if you still think the level is favourable. Or you can go back to the floating rate.

The third option is to fix for five years, currently at a rate of 13.25 per cent. The mortgage can be repaid through an endowment or pension policy.

**George Graham**
**Clive Wolman**

Lloyds underwriters

# Riches to rags in one transaction

SHAREHOLDERS IN companies often see the value of *their shares slump. But at least* they are normally able to hold onto their property and keep a roof over their head.

In the Lloyd's insurance market the consequences can be more serious. This week 1525 Lloyd's underwriting members were presented with the shock of their lives. They face losses of around £130m. The bulk of the losses have fallen on just 400 members. One farmer faces personal losses of more than £500,000.

Individuals joining Lloyd's have to show that they own assets of usually £100,000. Agents in the market group take the members into syndicates and employ professional underwriters to carry out business on their behalf. The outside members do not go into Lloyd's and transact the business of insurance.

*If wealth of £100,000 is shown* by the members some £200,000 of insurance business can be accepted on their behalf by the Lloyd's professionals. But the members have to put "up front" money of £50,000 if they *are accepting £200,000* of insurance business. The "up front" money is known as the Lloyd's deposit. The deposits may take the form of acceptable investments and a letter of credit or bank guarantee from an approved bank.

In addition to his Lloyd's deposits underwriting members can set aside part of their underwriting profits each year free of UK higher rates of tax. These *reserves are* used to cover any underwriting losses which may arise in the future.

Each year Lloyd's underwriting members have to demonstrate that they have enough money to meet insurance claims in the Lloyd's market. An accountant must provide a certificate. If an underwriting member fails to do this by the Lloyd's deadlines because his accountant has *reservations about his position,* Lloyd's moves to suspend the individual from underwriting. His deposits are seized by Lloyd's to pay the claims and once those are exhausted a fund of last resort is brought into *action.*

The shortfall of money to meet insurance claims caused by the underwriting member's suspension is earmarked from a central fund at Lloyd's which is designed to protect the interests of Lloyd's policyholders. That stands at £167m.

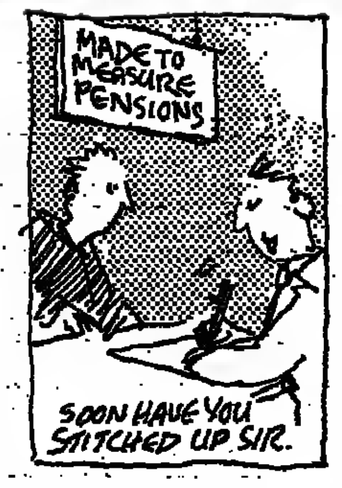
Lloyd's then pursues the underwriting member to recover the funds it has had to pay out of the central fund to pay that member's insurance claims. Lloyd's is prepared to go to the courts to seek the recovery of the money.

All members are liable to the full extent of their personal wealth to meet their liabilities at Lloyd's unless they have taken out expensive stop-loss cover. *This week underwriting* members who have suffered from the latest wave of losses were distressed that they might have to sell their second homes or even go bankrupt.

**John Moore**

Life assurance

# Watchdog body to monitor salesmen




IS YOUR broker a "fit and proper" person to sell you complex life assurance products or made-to-measure personal pensions? Is he, in fact, a broker at all, in the sense that he brokes the entire market in long-term savings and protection policies? Maybe he is a salesman selling a single company's products, disguising the nature of his relationship by the use of a term like agent or consultant.

The average client is often hazy about the nature of the intermediary who is selling him a policy, even if the fruits of such a policy could easily represent the difference between comfort and penury in his retirement years.

The opening of a new market for personal pensions is possible as a result of future social security legislation, and insurance companies are licking their lips at the prospect. But they admit it is proving difficult to train salesmen to a level where they can market sophisticated pension plans rather than straightforward £50-a-month life assurance contracts.

Until now, the Government's attempts to allow daylight into this overgrown jungle have been limited in scope. True, an intermediary can only adopt the title "insurance broker" if he is registered with the Insurance Brokers Registration Council, but he needs merely to pass basic tests of business competence.

The expertise needed to sell a personal pension plan is quite different from that needed to sort out a car insurance problem. But it is all in a day's work as far as the insurance broker is concerned.

Moreover, anyone can sell life assurance as long as he avoids the specific description of insurance broker. In practice, the leading companies put their salesmen through comprehensive training courses, but there is no standard test of competence.

Now, however, the industry has been turned into a ferment by the Government's proposal to create a Marketing of Investments Board, which is intended to bring order to a largely unregulated sector of the savings industry. The board will be set up under new financial services legislation scheduled for the next session of parliament and outlined in last January's White Paper. The new framework is likely to become effective around the end of 1986.

Two issues are causing major concern throughout the industry. One is the question of how those selling life assurance products and unit trusts should be tested for competence and licensed. The other is the issue of what disclosures should be made to the client in terms of commissions received and also of business connections which might bring into question the impartiality of the advice offered.

Even if a salesman is thoroughly competent, his judgment might be warped if his financial rewards are much greater for selling one policy rather than another.

At present, companies may pay their intermediaries a variety of benefits for selling policies. There is the basic commission, which itself might be paid at different rates according to whether or not the intermediary is a full-time insurance salesman. Some companies pay extra "overriders" which come into operation when the intermediary passes a target figure.

Then, there can be a variety of extra "incentives," ranging from sports cars to so-called "sales conventions," held in exotic venues like Monte Carlo.

The question is whether the client can expect to get a fair deal when he is relying for advice on somebody who has a strong incentive to sell one kind of policy rather than another.

Controversially, the White Paper insisted that the existence of such rewards should be disclosed to the client. But it created loopholes. It left open the possibility, for instance, that the life industry could agree on a standard scale of commissions to which brokers could make reference without revealing their rewards in specific money terms. The big life offices are attempting to complete a commissions agreement called Rolac—the Register of Life Office Commissions—although a number of sizeable life companies remain unco-operative, especially in respect of unit-linked plans.

Moreover, the White Paper attempted to draw a line between independent intermediaries, who suggest to clients that they will choose the most suitable policy from a wide field, and tied agents, who make it clear that they are selling only a very restricted range of contracts—possibly those of just a single company.

The reasoning is that anybody who claims to be independent ought to prove it. But the independent brokers have hit back, claiming that the need to disclose commissions will drive away clients—who hardly ever suspect that they are paying such large sums to intermediaries. The White Paper, it is claimed, amounts to a "tied agents' charter."

Small wonder that there is talk of independent brokers forming nominal ties in a way designed to avoid disclosure. In fact, one of the major points for future discussion is likely to be how to frame a precise legal definition of a tied agent.

If you are thinking of taking out a policy in the future, the new framework might bring you up against strange behaviour by your insurance salesman. To follow the new legal rules, the agent or broker might have to read out declarations of his status, produce diplomas and statements of his independence or otherwise, and possibly flourish impenetrable tables of Rolac commission scales.

But will the client actually get substantially better advice? Only if the general level of expertise in life assurance selling is raised.

**Barry Riley**

Consumer credit

# Borrowers' charter

TOMORROW, the Consumer Credit Act takes full effect. Its provisions will improve borrowers' rights to know what they are letting themselves in for when they take out a loan.

The Act was passed in 1974, but it has been implemented gradually. The latest clauses will:

- lay down what information the borrower must be given.
- give borrowers a cooling-off period to change their minds.
- allow loans to be paid off early, without the borrower suffering a major penalty.

Anyone offering loans or hire purchase facilities to individuals must obtain a licence from the Office of Fair Trading. Licences are also required by agencies such as credit brokers, debt counsellors and debt collectors.

The Act has applied to loans of up to £5,000, a figure which rises tomorrow to £15,000.

The wording of loan and hire purchase agreements will have to conform to detailed new rules.

The documentation looks daunting. The National Consumer Council failed in its efforts to have all the paperwork written in plain English.

But the crucial parts are drafted reasonably clearly. These explain the consumer's legal rights under the Act and spell out the true cost of borrowing—the annual percentage rate, or APR.

The APR will have to be calculated in line with a set formula, so that you can compare one company's rates with another's.

If you sign a credit agreement in your own home, or anywhere except the lender's office or the shop you are buying hire purchase goods from, you will have the right to change your mind.

You can cancel the agreement up to five days after you receive a second copy of it in the post.

If you don't get a copy of the written agreement from the company, with all the legally required information, then the agreement is not enforceable.

You can choose to end a credit agreement at any time and not be charged interest for the full length of the loan. Hire purchase agreements can be ended if they have run for 18 months.

Finally, if you default on your repayments, the lender will be obliged to give you seven days notice before he can take action against you. When you get this notice you may appeal to the courts for time to pay.

You can get a booklet called "Shop Around for Credit," from the Office of Fair Trading, Chancery House, 53 Chancery Lane, London WC2A 1SP.

**George Graham**

Financial planning

# A cold plunge for Martin

DO YOU always manage to avoid bank charges, pay the minimum necessary tax and rate of return on your capital, pick the right stock market sectors? Today we start a series on people who have erred in their financial decision-making and on what they should have done. (Names have commonly been altered to preserve privacy.)

In January this year, Martin Savage discovered the Traded Options market; soon he was to wish that he hadn't. In a fairly short period he lost just over £225 on a couple of purchases which he admits were more impulse buys than anything else.

"I knew a little bit about the market through friends who seemed to be making money hand over fist in Jaguar Traded Options, so I decided to take the plunge myself."

Savage, a self-employed businessman, bought a British Telecom February 130 contract which was then (January 18th) priced at 7¾ pence. As each contract represents an option on a thousand shares, his outlay was £77.50. Commission, VAT and contract stamp pushed it up to just over £90. At that date the underlying stock, British Telecom shares, stood at 130p.

"I thought I knew far more than I did," admits Savage. "I hadn't realised that Traded Options dealings are for cash. One minute I was on the phone to my broker, the next I was at his office, writing out a cheque and signing a piece of paper saying that I was aware of the risks involved in the Traded Options market. I was also given a Stock Exchange booklet on Traded Options."

As British Telecom shares rose to 134p the option value increased slightly from 7¾p to 9p. So the following week Martin Savage dived in again, this time into the Hanson Trust March 360 series, buying one contract for 12p. At the time, Hanson's share price was 347p.

"Frankly, I don't even know what sector to find Hanson under in the Financial Times," he says. "I just had the feeling that they were the right shares to get involved in."

Martin Savage's "feeling" was badly off target. In fact he watched both his BT and Hanson options gradually dwindle to nothing as the underlying share prices fall and the time value was gradually eroded by the advancing expiry date.

According to Geoffrey Chamberlain, head of Traded Options at stockbrokers Hoare Govett and author of *Trading in Options—an Investor's Guide to Making High Profits in the Traded Options Market**, Martin Savage's behaviour is not at all uncommon. "People treat the small sums they put into Traded Options far too casually. They often regard it as a speculative punt, writing the money off in their minds as soon as it is invested. In effect they have a tendency to be defeatist before they even start. This old-fashioned view about the market still persists."

The important point, according to Mr Chamberlain, is to look at your Traded Options money in terms of the capital employed. This criteria, he thinks, should be relevant at all times, irrespective of the price of the transaction. "Taking the BT option as an example, if it had gone up to, say, 12 or 13p this would probably mean an increase in the capital employed of about 40 per cent.

"The investor often views this as simply another £40. But where else could you get a 40 per cent return on your money in a matter of a few days? The trouble is that people have stars in their eyes when they invest in Traded Options. Everyone wants to turn his £100 into £5,000."


Chamberlain also thinks that the BT February 130 option which Martin Savage bought was an expensive one to buy at that time. The February options were due to expire in a month (February 20), and the time value of the option (the premium over the price of the underlying stock which you pay for the right to buy the stock at any stage over a period of time—at a fixed price) would erode quite quickly.

"In this situation the underlying stock must be even stronger, because you are battling against a decreasing time value. When you have time on your hands, a short sharp movement in the underlying stock will not have a strong effect on the options.

"But here you would have needed BT to go up by almost 10 per cent say to 141 or 142p—to see a profit, and you have to ask yourself whether you are that bullish about BT in view of the fact that they had already come up from 90p to 130p."

Chamberlain's advice, when purchasing a call option, is to look backwards from the expiry date. In effect you must know how long is left before the option expires, and—particularly in the case of small investments—what percentage of your bargain dealing costs will take up.

This way you know your break-even point at the beginning, and can decide whether, on the time available, it is worth buying a particular option.

If Martin Savage had done this, he might well have cancelled the call to his broker. At least he would probably have seen several other options with much better prospects.

Geoffrey Chamberlain also points out the dangers arising from Savage's ignorance about Hanson. At the time of the transaction (January 26) Hanson had increased by a third; its figures (very good ones) had come out in December, and Martin Savage was going in at the top of a very strong rise.

"The more you understand the mechanism of the Traded Options Market," Geoffrey Chamberlain says, "the greater the chance you have to make money."

*Published by Woodhead Faulkner, £10.75.

**Lawrence Lever**

Pre-retirement courses

# Seminars for senior citizens

FANCY A few days in the country with an insurance broker? If you are one of the estimated 40,000 people coming up for retirement in the next month, the chances are that you have already received this kind of invitation, admittedly with different wording. It may have arrived on—literally—a gilt-edged card inviting you to a pre-retirement course or seminar.

Pre-retirement courses are similar when it comes to subject matter, covering health, leisure, voluntary work and state benefits. The variation is in their treatment of financial affairs, and their attitude to follow-up business.

Insurance broker Sedgwick Group runs its own seminars as well as providing speakers for the Commercial Union courses held at West Malling in Kent. ("No sportswear permitted in the dining room.")

"We make no bones about the fact that we are a commercial organisation," says Sedgwick's David Sargent, explaining that if a company is unwilling to pay a fee for the seminar, a commercial decision is taken. "If we think we are likely to get individuals coming back to us for personal counselling, we would do it without charging a fee." He says, however, that there are no strict guidelines.

At the CU course, participants are invited to go to Sedgwick for individual counselling, without any initial obligation.

"We find a lot of people are impressed by our conservative approach," says Mr Sargent, who adds that his firm finds pre-retirement courses quite a profitable area of activity. For example, on one recent series of 18 talks, with an average attendance of about 32, he noted that about 14 people per talk filled in the firm's enquiry slip. However, he says this was an exceptionally high response rate, related to care taken in preparing information to suit the organisation involved.

Mr Sargent is reluctant to say how response translates into commission, but points out that the firm does not always see the full benefits of the exercise at once, as it may suggest staggering an investment in unit trusts, for instance, over several months.

Commercial Union insists that there is no attempt to promote its own policies or investments during its pre-retirement courses; the broad purpose is to promote the company's standing. "The most important thing is that it helps to demonstrate that CU is more than just a financial organisation," says marketing executive Philip Talmage.

The CU course now on offer grew out of the company's courses for its own staff. The three-day event costs £379.50 including VAT for a single employee or £632.50 for a couple.

Mr Talmage says that although a course would benefit any level of employee, companies will usually send only middle- or upper-middle management: "One does get a more homogenous group than you might imagine," he says.

Obviously, with Sedgwick so closely involved in the CU course, other brokers will be in no hurry to market it: "They won't want to risk letting go of a client so close to 'lump sum time,'" observes one insurance man.

Legal and General, practically the market leader in pre-retirement courses, takes a determinedly non-partisan line. "A pre-retirement course is not the place to influence people financially," says Michael Fowler; "If we did any selling at all we would lose our clients."

Legal and General's pre-retirement courses have expanded in the last three years. This year, it will run more than 80. Michael Fowler emphasises that they managed entirely separately from the insurance side of the business. Financial speakers at Legal and General courses will often be from the trust departments of different banks, never from insurance brokers. Michael Fowler says that if a particular service is mentioned, it is always made clear that it is not just available from the speaker's bank. The same goes for insurance.

Legal & General charges on a per seminar basis, regardless of how many attend, but recommends that numbers should be between 10 and 25. The fee comes to £652.05, including VAT, for one day; around £942 for two days. It is up to the company buying the course to provide premises and catering.

The average person attending a Legal & General seminar earns only about £7,000. But the company runs separate seminars for those earning £20,000 and over. These one-day seminars are mostly concerned with money. Michael Fowler says that even at this level, a majority of people are fairly unsophisticated in financial matters. "They have pockets of great knowledge and vast areas of total ignorance," he says. As a result, subjects covered now range from basics like "What is a unit trust" to the more rarefied aspects of tax planning.

In the early days of its pre-retirement seminars, Legal & General was surprised to discover how much detailed attention the over-£20,000 groups paid to state benefits. At the end of one session, a speaker was taken to task by a participant for omitting to mention the free bus passes available to the elderly.

According to Mr Fowler, L&G aims only to cover its operating costs — it considers that profit comes in the shape of free publicity. "You only get good publicity on something like this."

For the moment, he may be right. But it is questionable whether pre-retirement courses will continue to generate such goodwill. For growing numbers of operators, the results are far more directly calculated.

**Eleanor Howard**





financial pages of the newspapers, 24 hours a day.

# WEEKEND FT REPORT

## PERSONAL FINANCIAL PLANNING 1

Ensuring adequate income during retirement is taking a more prominent role in personal financial planning. Mr. Norman Fowler, the Social Services Secretary, has pledged to introduce a system of personal pensions during this parliament. Such a system is seen as an alternative to company schemes and the State Earnings-Related scheme, the phasing out of which has been agreed in principle by the Cabinet.


# Pensions move into the spotlight

BY ERIC SHORT

Mr Norman Fowler, the Social Services Secretary. *The Government has been conducting a review of the UK's pensions framework, and its findings are due to be released soon*

UNTIL recently, comparatively few individuals paid very much attention to the subject of pensions in their personal financial planning. Yet a central theme in any such planning exercise should be to ensure an adequate income in retirement.

The recent actions by various Government ministers have brought pensions very much to the attention of the public and highlighted the tax efficiency of pensions in financial planning.

Fears that Mr Nigel Lawson, the Chancellor of the Exchequer, was about to change the tax structure of pension schemes in this year's Budget made pensions a topical talking point, something that has never *happened before*. Now the Chancellor has effectively pledged that there will be no tax changes for pensions during the lifetime of the present Government, so financial advisers can get *down again to* dealing with their client's pension requirements.

*During this period of* concern over pensions tax, the Government has been conducting an in-depth *review* of the whole pensions framework in the UK and its findings are due any time now.

The whole theme of the review has been towards putting pension provision back to the individual. The main question to come from the review is how far the Government intends to take this privatisation of pensions.

Mr Norman Fowler, the Social Services Secretary, has given the Government's pledge to introduce a system of personal pensions during the lifetime of this Government. Such a system of personal pensions is seen as an alternative to both company pension schems and the State Earnings-Related Pension Scheme (Serps), which seems to be on its way to being phased out.

Although final details on the ending of Serps are awaited and a long political struggle seems inevitable, it is certain that as long as the present Government remains in power, individuals will need to make their own pension provision and will have *ample opportunities* to extract the maximum benefit from the tax efficiency of pension schemes.

**Part Two: Part One appeared last Saturday and covered banking services, mortgages and consumer credit, choosing an investment manager, long-term regular savings and savings in Government securities.**

This "self-reliant" trend is also being adopted by a growing number of employers in their attitude towards making pension provision for their employees.

Employers setting up pension schemes under present conditions are turning their backs on final salary schemes, with open-ended financial commitments, and returning to money-purchase arrangements, under which the employer's contribution commitments are fixed.

Such schemes are effectively an aggregate of individual schemes, where each employee can identify his or her own particular pensions savings account, which can be taken out when the employee changes jobs. This move away from final salary schemes is being boosted by the trend towards job mobility.

Within this encouraging climate for personal pension provision, what are the opportunities offered to individuals by pension arrangements in financial planning?

First, there is the opportunity to build up a tax-free lump sum at retirement out of gross income, since both the employed and the self-employed have the choice to convert part of their pension at retirement into a tax-free cash sum.

Such a tax-free benefit is anomalous to the general tax principle of pension schemes—namely payments into the scheme are tax free or tax exempt and the benefits emerging are taxed.

However, these tax-free sums are so prized by individuals that even a tax reforming Chancellor, such as Nigel Lawson, refrained from correcting the anomaly.

Thus the higher the tax rate of the individual, the more tax advantageous are these tax-free lump sums.

Most pension arrangements from life companies centre their benefit structure on the tax-free cash sum, particularly in executive and self-employed pension plans which are targeted at higher rate taxpayers.

A variety of loan schemes have been designed by tax planners using this tax-free sum to repay the loan—the pension mortgage and school fee schemes being two notable examples.

Now that the uncertainties over tax are out of the way, those banking institutions, life companies and advisers in this field are reporting a resumption of the flow of business on these loan schemes.

When personalised pensions become established, it is very *likely that borrowing* from pension assets, on a controlled basis, for house purchase or business purposes, will be a standard feature, with repayment from the ultimate benefits.

The *second* feature from pension arrangements that is of vital importance in personal financial planning relates to the lump sum benefits paid should the individual die before retirement. These lump sumps are paid completely tax-free, including being free of Capital Transfer Tax (CTT) liability.

Under present tax laws and Inland Revenue practice, company schemes, including executive pension arrangements, can provide death-in-service lump sums up to four times current earnings, in additino to a refund of the employee's contribution.

These is a different benefit structure for the self-employed. They can put aside up to 5 per cent of their earnings for death-in-service benefits, though this eats into the overall pension contribution, plus the value of their pension contract at death.

Whatever the employment status of the individual, a pension *arrangement* means that substantial sums can be made available should the individual die before retirement — sums that are free of CTT.

Presumably personal pensions, when they *are introduced*, will provide a similar facility. These benefits can form a central feature in financial planning particularly where family businesses and other assets are being passed down *from* one generation to another.

However, these lump sum *death* payments end when the individual retires and starts drawing his pension. These events can be deferred as long as possible but they cease when the individual reaches age 75, when a pension has to be taken, even if the individual is still working.

Then, there is the pension benefit itself — a benefit that tends to get pushed into the background by a consideration of the lump sum benefits. But it is the raison d'etre for a pension arrangement, and come back to the original theme c this article, that all individual need to provide an adequat income in retirement or an ad quate pension to their spouse when they die.

Thus there is *the* need t ensure that sufficent contrib tions are made and that th investment *performance* is hig enough to provide a pension a retirement that is adequate i *real* terms. This is provide automatically in company fin salary schemes, where th *employer* carries the financi responsibility.

However, with self-employe pensions, the individual has t carry his or her own respo sibility for adequacy and th *will apply to* personal pensio when they become availabl This means deciding first ho *much* to *set* aside from ear ings and secondly where to i vest the pension contribution

*It would* require sever articles to explain each of the features adequately. At the er of the *day*, very few people ha the necessary time or experti to manage their own affairs ar expert advice is essential.

It is even better if th expert advice can cover all pe sonal financial planning, which pensions is the centr pillar.

financial pages of the newspapers, 24 hours a day.

# PERSONAL FINANCIAL PLANNING 2

## More attention to marketing

Mr Mark Weinberg, chairman of Hambro Life Assurance. Hambro took a major step forward when it introduced its Adaptable Life Plan

LAST YEAR, Mr Nigel Lawson, the Chancellor of the Exchequer, shocked the UK life assurance industry when, in his 1984 Budget, he ended tax relief on life assurance premiums, known as Life Assurance Premium Relief (LAPR), for new regular premium life contracts.

At the time, it was forecast that it would have serious repercussions on life assurance business. However, 14 months later, it appears that in many respects Mr Lawson, paradoxically, did the industry a great service, at least as regards the design of contracts.

To start with, life companies realieed that they would now be competing with other forms of savings without the inbuilt advantage of the tax relief. So they have had to devote more attention to the marketing of life products. Intermediaries have had to learn to sell life contracts, instead of selling tax reliefs.

Then the product design teams in life companies, faced with the tasks of designing post LAPR products found the loss of LAPR a benefit in disguise for them.

Until LAPR was abolished, regular premium life contracts were designed so that they qualified for the tax relief. This was the central feature of all such contrects. However the rules laid down by the relevant legislation for contracts to qualify were complex and extremely detailed.

They imposed a rigidity on the style and format of contracts both in regard to the premiums paid and in the benefit structure. In addition, it imposed restraints on designers trying to combine life contracts with other forms of insurance and savings contracts.

The abolition of LAPR has freed the planners from the shackles of conforming to the qualifying rules. Now they can design contracts that incorporate complete flexibility over the amount and frequency of premium payments and in the style of benefits provided.

Technically, a life policy still needs to conform to the qualification rules so that the benefits can be paid tax-free. But this only applies to higher rate taxpayers. Proceeds are paid free of tax to basic rate taxpayers anyway.

Indeed, some life companies are producing two versions of life contracts — a more rigid qualifying form for higher rate taxpayers and a flexible non-qualifying version for basic rate taxpayers.

However, the ending of LAPR also opened new fields for the life company planners by enabling them to combine with other forms of insurance and savings. Finally, life companies no longer have to get involved in the time consuming negotiations with the Inland Revenue in getting a life contract officially accepted as a qualifying policy.

All individuals, in their personal financial planning, need to provide some form of protection against the financial effects of death and short-term and long-term sickness and disability, as well as concentrating on the savings.

Until recently, protection, sickness insurance and savings contracts have been kept quite separate from one other in a rigid manner. For instance, the standard endowment contract combined death cover and savings in a standard, rigid style, constrained by the LAPR rules.

### Life Assurance

Each individual in his financial planning will have varying requirements for different types of insurance covers and savings according to his or her needs and personal preferences. The need is for maximum flexibility in planning.

If the individual, with his professional adviser, is prepared to take time and trouble in arranging his affairs, then he will be able to put together the necessary combination of insurance and savings contracts to fulfill his requirements.

But this only happens for persons with the time and resources to devote to the planning exercise. Most people have neither the time nor the means of getting in-depth advice. They tend to look to life companies to put together in one package the various contracts for insurance and savings.

Until recently, these packages were somewhat unsophisticated and highly inflexible, simply because of the emphasis put on LAPR. As such they rarely met an individual's needs fully.

However, over the past decade, life companies, realising the potentiel of this market, have been putting much more thought and effort into designing packages to meet the needs of individuals. They are now looking at co-operation with other financial institutions to provide all-embracing packages.

This lead in sophistication has been taken by the linked-life companies, since linked life contracts, by their very nature, are lesa inflexible than conventional with-profit policies.

Insurance brokers have also beeo extremely active in packaging various contracts, using their experience of their clients to design the packages, in conjunction with a co-operative life company. However, such packages would be for the exclusive use of the broker'e own clients.

However, financial planning is a three-dimensional rather than a two-dimensional effort. The insurance needs of individuals change with time, with certain important events, such as marriage, buying a house or the birth of children, bringing about these changes in insurance needs.

The planning exercise should be constantly reviewed and up-dated to take account of these changes in an individual's circumstances.

Various attempts have been made by life companies to design flexible contracts that enable individuals to change the covers with changing circumstances.

Hambro Life took a major stride forward in product development when it introduced its Adeptable Life Plan some years ago. This introduced the concept of an individual being able to vary the amount of life cover, the premium and the savings element within one contract — the first serious attempt at "off-the-peg" financial planning.

However, the flexible packaging concept was taken several stepe further by Crown Life when it introduced its "Plan for Life" concept two years ago.

This package showed that designers could introduce a high degree of flexibility into their products within the LAPR rules if they were prepared to take the time and trouble and show imagination.

Crown Life brought in disability cover to add to the existing protection and savings contracts with facilities for varying premiums and cover levele, as well as the savings content of the plans.

The philosophy behind the concept, as the name implied, was to enable an individual to provide for his insurance and savings needs throughout his or her life under one insurance package. It was a revolutionary concept for its time and has appeal to the life intermediary aiming at keeping their clients needs fully up-to-date.

Now LAPR has gone, the possibilities for extending this concept are open to the life company planners and offer the prospects of even more flexibility to the consumer. It would come as no surprise to find that Crown Life is up-dating its concept.

Life companies are now becoming more willing to link up with other financial institutions in designing their packages — for instance the various provident societies which provide medical insurance. The next couple of years could see life companies making even greater advances in their product design aimed at providing the individual with all his planning needs in one package.

**Eric Short**

## Disentangling the web of jargon

LIFE assurance comes in two forms: protection, and investment. But these two basic goals are often mixed in one product, and it can be difficult to disentangle the web of jargon and technicalities and work out whether your own needs are being met.

You can use an insurance policy purely for the purpose of investmeot, keeping the benefits that would be paid, if you died, to a bare minimum. This category iocludes single premium bonds—for lump sum investments—and maximum investment plans for regular savings.

Or you can insure solely to guard against the possibility of your death, either to leave your family provided for or to pay off eo outstanding debt such as a mortgage.

But insurance policies often overlap and include elements of both of these aims.

Here is a brief guide to the maio forms of life assurance, with a description of their purposes and restrictions:

● Term Assurance. The policy runs for a fixed number of years, and the insurance company pays up only if you die within that period. It is relatively cheap, and is usually used to provide for the repayment of e loan in the event of early death.

Term assurance can he level, where the sum the insurance comany will pay remains the same throughout the life of the policy: or it may be reducing in which case thc insurance company's payment on your death will fall over the life of the loan. This kind of insurance is used in mortgage protection policies, where the mortgage is beiog repaid gradually throughout its life.

● Whole Life Assurance. The insurance company pays out on your death, whenever that may be. It is useful for providing for family after your death or for reducing the impact of capital transfer tax on your heirs when you die.

Policies can be written to cover a single person's death, or for joint lives, which is usually cheaper. Joint life first death policies pay out when the first of the couple dies, while joint life last survivor policies do not pay until both have died.

You do not have to continue paying premiums for a whole life policy until the day you die. You can make the policy paid-up, in which case the protection you have bought remains in place; or you can surrender the policy, although the sum you receive on early surrender is unlikely to match your expectations.

● Endowment Assurance. The insuraoce comoany pays out at some specified date in the future, or if you die before that.

These policies are often used for straightforward investment purposes, although one of the commooest forms is for mortgage repayment. Instead of gradually repaying the capital of your mortgage loan you pay only interest to the building society; the capital is repaid et the end by the pay-ont on your separate eodowment policy.

● Single Premium Bonds. These are almost exclusively for investmeot, and the iosurance payment in the event of your death is usually minimal.

### Guide to Life Assurance Policies

You invest a lump sum, either with the aim of achieving a larger tax free sum in the future or to provide a tax-efficient income from your investments. They can be very effective instruments for higher rate taxpayers.

These are the main forms of insurance contract, but the returns that you get from thcm can vary widcly. At its simplest, an insurance policy can pay out a single, fixcd sum, but this can leave you wide open to the raveges of inflation. Contracts that give you a real investment potential can provide a real return for your mooey, eveo when adjueted for inflation.

Here are the main forms of investmeot that cao underpin your insurance policy, whether it be whole life or eodowment:

● Non-profit. This policy pays a guaranteed fixed sum when you die or when the policy matures. Since the value of this eum will be eroded hy iofletioo, non-profit policies are rarely thought of as offering good value. The same sort of protection can usually be provided more cheaply by term assurance.

● With-profits. These policies offer insurance starting from a fixed level, but their attraction—and their expense—comes from the fect thet this sum is increased by the regular addition of profits from the insurance company's investment fund.

These profits are added in the form of "bonuses": reversionary bonuses added to your policy throughout its life, and a terminal bonus added when you cash it in.

You can get some idea of the likely level of bonuses from the insurance company's past record, but the actual pay-out will depend on its investment performance.

● Low cost. This is a combination of a with-profits policy with insuraoce cover provided by the term assurance will decrease at the same rate as reversionary bonuses are added to the with-profits policy.

The low cost policy is usually cheaper than a full with-profits policy because part of the life insurance in the early years is provided by the term assurance. It can therefore provide more life insurance for the early years than you might be eble to afford in a full with-profits policy.

Low cost policiee are often used for endowment mortgagee. The reducing term assurance in thc early years provides the money to pay on the mortgage if you should die early.

● Uolt-linked. After the deduction of the insurance company's charges, the premiums you pay ere used to buy units in one or more of the company's investment funds—either epecialist funds with clearly defined investment policies or a more general managed fund, in which investment policy is decided wholly by the insurance company.

Unit-linked policies have in recent yeara shown eignificantly better investment returns than with-profits policies. Single premium bonds, where investment is the sole aim, use them almost exclusively. But they are less popular for purposes such as the provision of school fees, where a definite sum is required at a definite future date. This is because their investment returns are less predictable than those of conventional with-profits contracts, where investment fluctuations are levelled out.

When you are choosing your life essurance contract, be careful to pick one that meets your own needs. Many flexible policies are marketed which allow you to choose elements of protection and investment, and adapt them to your precise requirements over the course of your life.

But remember that a simple term assurance contract can often provide the element of protection more cheaply, ellowing you to choose for your investment purposes a contract that aims simply at getting you the best return on your money, without unnecessary complications.

**George Graham**

# Rule changes call for a keener sense of timing

BY A CRUEL twist of fate, just as the giants of the offshore fund industry, Rothschilds, were celebrating the fact that their curreocy funds had topped the $1bn mark, news came that the Chancellor of the Exchequer intended to plug the offshore loophole and stem the flow of UK investors' savings out of the building societies and into the Channel Islands.

Few spectators could have imagined that measures originally intended to preveot UK investors from disguising income as capital gain would extend to other areas of the offsbore industry. However, the announcement in November 1983, followed by the legislation of the 1984 Finance Act, dealt a blow to the offshore fund industry as a whole, as well as affecting offsbore life assurance policies.

For the British person planning to work abroad and make full use of the advantages of their non-resident status—in other words, exemption from UK income tax on income arising outside the UK and from capital gains tax on even UK gains—there are plenty of investment opportunities.

However, because of the changes in the tax rules introduced in the 1984 Budget, the expatriate needs to pay particnlar attention to when he realises his gains and, if possible, time his encashments accordingly.

For offshore funds, the situation is as follows. As from Jaouary 1 1984 funds are divided into those with non-distributor status where income and capital galo are amalgamated to increase the unit price, and those with distributor status where the income is distributed and the capital gain goes towards increasing the unit price.

## Working Abroad

The crucial difference is in their tax treatment in the UK. Disposals in non-distributor units, where the profit results from accumulating income and capital growth, will be subject to UK income tax, whereas disposals from distributor funds are taxed as capital gain because the income has been paid out and taxed as income already.

In most cases, it does not matter which type of fund a non-resident uses because the intention could well be to accumulate capital cover a period of 4-5 years. However, unless he is prepared to cash in or "bed-and-breakfast" tbe units in a nondistributor fuod before returning to the UK, the expatriate investor stands to waste the benefits of his non-resident status.

If the worst came to the worst, be could end up paying income tax at 60 per cent on gains realised io the UK even if these gains were attributable to the non-reaidential period.

The effect of the 1984 Budget on offsbore life assurance policies was to make them considerably less attractive to expatriate investors.

Io the case of offsbore siogle premium bonds, tbe bond accumulates gross while the investor is abroad. However, as these bonds are non-qualifyiog policies, their surrender is a cbargeable eveot ooce the policy holder becomes resident for tax purposes io the UK.

Time apportionment and topsliciog are available, which reduces the ultimate tax liabilities, but care is necessary especially where bonds are being set up with Capital Transfer Tax in mind and it is expected that the policies will be held for life.

For a higber rate tax power, surrender of the bond during a period of UK residence should be avoided and, ideally, the bond sbould be encashed during a period of zero tax liability, either during a further period of employment overseas or during retirement outside the UK.

Where the single premium bond may still prove useful is if you want a non-iocome-producing asset because the country you are employed in taxes "resident aliens" on their worldwide earniogs. The bond is then used as a wrapper for assets such as unit trusts, a private portfolio, or even gold.

Policyholders, once UK resident, may still take withdrawals of up to 5 per cent of the original investmeot per annum tax-free and defer the payment of UK tax for 20 years as before, but withdrawals above 5 per cent attract a tax charge for higher rate tax payers.

The figure of 5 per cent is determined by the Inland Revenue and does not bear any relation to the income generated by the uoderlying fund—hence, it may actually entail cutting away at the capital itself.

There is also the fear at the back of some tax advisers' minds that the Inland Revenue could raise the spectre of Section 478 to tax the 5 per cent withdrawals as regular income. If the Inland Revenue is looking for a suitable test case, a £2m personalised bond might be a prime candidate.

Io fact, the 1984 Finance Act did leave one loophole for the offshore single premium bonds whereby a UK resideot could escape UK tax on gains by transferring his rights to non-resident trustees. That loophole was closed in the 1985 Budget.

Most expatriates are not eligible for pension schemes and the traditional route for pension planning was through the offshore regular savings schemes. Qualifying policies on maturity provided a tax-free lump sum or regular income even after return to the UK, aod the expatriate could continue to pay premiuois in to build up a tax-sheltered sum.

On November 17 1983, the privileges were removed from offshore qualifying policies, bringing them into lioe with onshore ones. Their use now is limited to iovestors who intend to stay overseas for at least 6-7 years and who expect returning to a high tax rate band in the UK, assuming that they substitute into a UK policy.

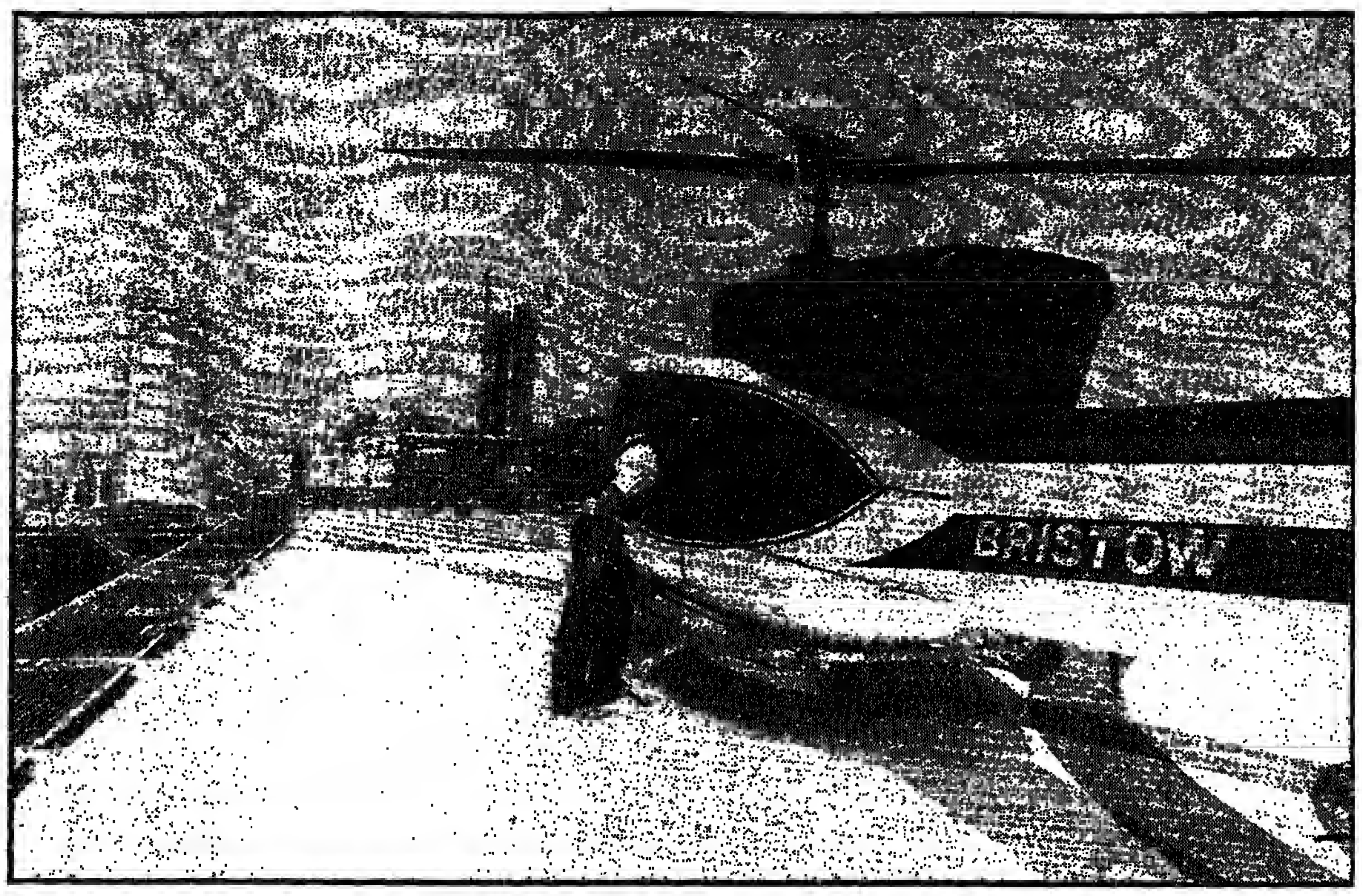
Switching from an onshore to an offshore policy (provided that the company has both on- and offshore operations) must take place within 12 months of returning to the UK.

The snag here is that the onshore company pays tax at 30 per cent on the underlying investments, but the policy then counts as a qualifying one, allowing tax-free income to be withdrawn on a regular basis.

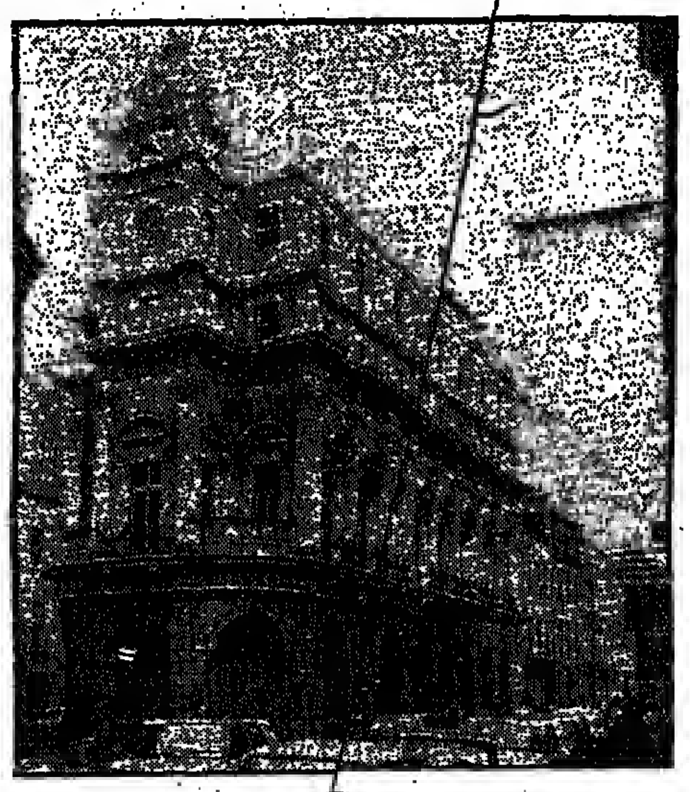
Offshore life policies are still being aggressively marketed to expatriate though there are ooly a few instances where they are really suitable in the light of changes to the legislation.

The expatriate investor should seriously consider making full use of his non-resident status to benefit from more appropriate investments such as exempt gilts, eurobonds, offshore funds, and unit trusts which invest for capital growth, as well as individual portfolios of shares.

**Sarah Webb**



**Working in the Gulf. The pilot of a *Bristow* helicopter checks his aircraft on the Fateh oil platform in Dubai. For the British person planning to work abroad and make full use of non-resident status there are plenty of investment opportunities**



Midland Bank, St Helier, Jersey

# Less of a burden on new investors

A REMARK by the Chancellor in tha 1984 Budget that ho boped to get to grips with the complexities of Capital Gains Tax (CGT) in his Budget this year aroused widespread expectations that the tax might be abolished.

The reforms Mr Nigel Lawson announced to CGT on March 19 sounded more modest and certainly more technical than simple abolition. But for those who are newcomers to the investment game, the reforms are nearly as good as abolition. Few private investors, except the wealthiest or most successful, will ever have to pay CGT on any assets they bought after 1982.

However, the Budget statement bas rather different consequences for investors with shares, bonds, unit trusts, gold coins or a second bome acquired before 1982. Many of them decided to postpone the sale of such assets nntil March in the hope of escaping the tax entirely, or at least of paying substantially less tax.

The extension which the Chancellor announced to the inflation adjustment provisions introduced in 1982 are concerned exclusively with asset values from that date onwards. They make no concessions to the principle that all nominal gains on assets up to March 1982 must be fully liable to CGT without adjustment for tbe high rates of inflation of tbe 1970s. Betwaen April 1965, wben CGT was introduced, and Marcb 1982, the Retail Price Index rose nearly six times, that is inflation over that 17-year period reached 500 per cent.

Take the case of an investor who buys sbares for £1,000 in 1965 wbich rise in valne to £6,000 in March 1982 in lina with inflation. He would atill be liable for CGT of £1,500, if he had used up his annuat CGT exemption — although in real (inflation adjusted) terms, his shares have not risen at all.

But one concession was introduced in the Budget which will lighten the hurden of CGT on investors who sell, after April 6 of this year, long-held assets pregnant with capital gaios. Under the old rules, the indexation allowance, which adjusts for inflation, could be applied only to the original acquisition cost of the asset liable to CGT.

From now on it can be applied to the value of the assot on March 31 1982. As generally this will be higher than the cost of an asset bought many years previousiy, the value of the indexation allowance will be proportionately greater.

Take the case of an investor wbo buys shares for £1,000 in 1965. On March 31 1982 their stock market valoe is £10,000 and, when he sells them on May 13 1985, their value is £11,000 (after dealing expenses). Assume that the Retail Price Index, wbich is used as a measure of inflation, has risen by 19 per cent between March 1982 and May 1985.

Under the old rules, the indexation allowance of 19 per cent could be applied only to the original acquisition cost of the asset. So, in this case, it was worth 19 per cent of just £1,000, ie, £190. Thus the adjusted capital gain liable to CGT would have been £11,000 — (£1,000 + £190) = £9,810 giving rise to tax (at 30 per cent) of £2,943.

Under the new rules, the indexation allowance may be applied to the market value of the asset on March 31 1982. Thus in this example it is now worth 19 per cent of £10,000, ie £1,900. The adjusted capital gain under the new rules will be £11,000—(£1,000 + £1,900) = £8,100, giving rise to tax of £2,430. Thus the new provisions would save this Investor £513 in tax.

The only drawback of the new rules is that the investor has to establish what the market value of his assets were on March 31 1982. For quoted securities, the information is readily available.* But for shares in private companies or for a second bome or other real estate, you may have to spend time negotiating with the Inland Revenue.

Also, if yon establish a March 1982 value for such assets, you may find you have less flexibility in fixing values at a later date for other tax purposes, for examples, for capital transfer tax.

For taxpayers wbose money was invested after March 1982, the other two extensions of the inflation adjustment provisions announced in the Budget are of greater importance.

The first concession is the right to convert a nominal capital gain into a real capital loss, or to increase the value of a real capital loss (which can be offset against other gains). Previously, the indexation provisions could be used only to rednce the value of nominal capital gains.

Return to the case of our investor above — bnt now assume that in March 1982 be "bed and breakfasted" his shares, ie, sold and bought them back overnight to establish their value for CGT purposes, at a value of £10,000. So when he sells them for £11,000 this month, he realises a nominal capital gain of only £1,000.

## Capital Gains Tax

Under the old rules, the application of the indexation allowance, worth 19 per cent of £10,000 is £1,900, could have been used only to wipe out his capital gain so that no CGT would have been payable on the sale of these particular shares.

Under the new rules, be has registered a real capital loss, calculated as follows: £11,000—(£10,000+£1,900) = —£900. The £900 loss can then be used to offset other real capital gains realised in the same tax year.

Similarly, if the investor bad sold his shares this month, not for £11,000 but for £9,000, the new indexation rules will allow him to increase a nominal capital loss of £1,000 to a real capital loss of £2,900.

The introduction of symmetry in the treatment of capital gains and losses simplifies tax computations particularly for those wbo sell only part of a large pool of shares in the same company in one go. The Finance Bill now passing through Parliament will reintroduce most of the rules for pooling shares and other assets that applied before 1982.

Because shares in the same company will now be pooled and treated as a single asset, there is no longer a need to identify the shares in individual transactions. One beneficial by-product of this change is that bed-and-breakfasting, ruled out except between Stock Exchange accounts in 1982, is once again permissible. This should simplify year-end tax planning to make maximum use of the annual CGT exemption which for 1985-86 will be £5,900.

However, the pre-1982 first-in-first out rules now return for shares in the same company. So an investor who sells 10 per cent of his GEC shares acquired in stages since 1965, is deemed to have sold his 1965 shares first (and they will have probably the lowest base value) and the others later in order of acquisition. This change will usually increase taxable capital gains.

The third concession introduced in the Budget is that you will not longer have to hold shares for at least 12 months to make use of the indexation provisions. The minimum period of holding is now only 10 days.

The removal of the one-year restriction means that it is now possible to use the indexation provisions to create real capital losses on holdinga of government "gilt-edged" securities. These are exempt from the CGT rules if beld for more than a year. But if an investor buys a gilt at par just under 12 months before its redemption date, and holds it until then, he will create a real capital loss, after 12 months of inflation are taken into account.

*"Capital Gains—The Key Figurea for Calculating Your Tax," a booklet containing the April 1965 and the March 1982 values of shares, unit trusts and other assets, is now available. Copies of the booklet, price £4.50 each including postage and packing, are available. Copies of the booklet, Publicity Department A, Financial Times, 10 Cannon Street, London EC4P 4BY. Telephone: 01-248 8000 ext 4895. Cheques should be made payable to the Financial Times and should accompany your order.

**Clive Wolman**

# Income protection on lines of U.S. model

THE PAST two years of Conservative Government, with Mr Nigel Lawson installed as Chancellor, have seen the emergence of two contradictory trends in the tax breaks given to investors.

On the one hand, there has been growing support for a policy of "fiscal neutrality," i.e. that the tax system sbould interfere with, aod Influence, economic and financial decisions as little as possible. The high tide of this approach to tax policy was reached in the 1984 Budget when it was used to justify the far-reaching reforms in corporation tax and in the taxation of savings and investment—and tbe prospect of further reforms later.

The other, opposing trend bas been towards the creation of a tax shelter Industry on the U.S. model, whicb permits taxpayers to sbelter part of their income from the Inland Revenue by Investing it in ways deemed to be socially desirable.

The last two months of the 1984-85 tax year saw an unprecedented amount of promotional activity for what have become the two most popular forms of tax shelter, the Business Expansion Scheme (BES) and personal pensioos plaos.

The BES is entirely the creature of the Thatcher Government. It was Introduced as a business start-up scheme in 1981 and hroadened two years later to facilitate capital-raising by most categories of unquoted businesses.

What began as a scheme to promote venture capital bas now taken on a far less risky character. In the scheme's first two years, the businesses which attracted by far the most money from investors were thoae which involved particularly low levels of risk.

Until they were stopped in the 1984 Budget, farming companies were all the rage. But tbeir popularity was eclipsed by that of the property development companies in the tax year 1984-85. In the last two and a half months before they were excluded from tha BES in the Budget, these companies raised about £50m, nearly half the total money raised under the BES the previous year.

Tbe other, more acceptabla way by wbich BES investors can reduce thair risks is by cbanelling tbeir money through a manaeed fund which invests in a wide spread of companies.

Apart from making a few specific exclusions, tbe current Finance Bill bas dona nothing to cbange the structure of the BES. So there can be little doubt that other low risk investments will be getting Revenue approval and attracting large sums of tax-sheltered money as the current fiscal year progresses. One early indication is that the 1985-86 fashion will be for partly-owned subsidiaries which bave beeo spun off from quoted companies.

For higher rate taxpayers in particular, the attraction of the BES is that it allows them to of income tax. And provided they keep their money tied up in the same company or companies for a least five years, they can withdraw their money (and profits, if any) free of income tax and subject only to capital gains tax.

This concession goes beyond that granted to pension plans. Although cootributions into a pension plan ara offsettable

## Tax Shelters

against income tax, subject to earnings-related limits, the income paid out on retirement is liable to income tax.

But there are further concessions that make pension plans a more valuable tax sbelter, particularly for those aged 40 who are basic rate taxpayers or whose wealth is relatively limited.

First, a pension plan is a much less risky Investment thao the BES, and there are far fewer restrictions on wbere money within a pension plan can be invested. In fact virtually no risks at all need be taken if the investor is able and willing to have all his money put into iodex-linked government securities.

Second, a substaotial part of savings within a pension plan can be extracted free of both income tax and capital gains tax —if it is paid out as a lump sum at the age of retirement, up to a maximum of about 1.5 times final salary.

These tax privileges are hardly an innovation of the present Government—in fact they date back more than 60 years. And until receotly, it would have been considered eccentric to put pansion plans and the BES in the same category of "tax shelter" for the purposes of comparison.

But it bas been only in the last few years tbat pension plans have started to be viewed generally by employees as an asset they own, rather than as merely an expectation that their company or the State will provide for them io retirement.

The proposals for greater pensions flexibility now being considered by the Government and Parliament have done much to promote tbis radically different concept. Indeed, the Government's support for this change is indicated by the consultative document on personal pensions publisbed by the Department of Health and Social Security in July and the Social Security Bill, now passing its final parliamentary stages.

But the more personal pension plans are encouraged, the more obvious the tax-sbelter advantages will become—and the greater the loss of revenue to tbe Government from investmcot in pensions. For this and other reasons, the Chancellor was widely expected to withdraw at least some of the tax privileges of pension plans in this year's Budget.

However, after strong lobbying from tha pensions industry, the Chancellor has now more or [illegible] involved least during the present Parliament.

There are a few other tax shelters available which are far less widely used, often because of the restrictions placed on their tax privileges. But they do not suffer from the same limitations as pension plans (which permit no withdrawal of proceeds until the age of retirement) or the BES equity investment in unquoted companies only) — and so they may be useful for some investors, particularly top rate taxpayers. These are the main ones:

● Industrial buildiogs allowance — since March 26 of this year, the benefits of this scheme have been limited to investment in properties in enterprise zones. An investment is fully offsettable against the investor's top marginal rate of income tax, and if money is borrowed to make the investment, tax relief is available on the interest. The main drawback is that in order to reap the full tax benefits, an investor cannot sell his interest for 25 years. But it may be possible for him to carve out a slightly shorter lease.

● U.S. oil drilling limited partnerships — investments in these were granted full tax relief in principle by the Revenue last year. But the income received is fully subject to tax.

● Forestry schemes — these are an old favourite among those who can afford to wait at least 15 years, can readily mobilise assets of at least £2,000 and have considerably more wealth behind them in the background.

**Clive Wolman**

Brief Case

# Must I keep these old records?

*My paper records (Contract Notes, etc) for tax returns on share purchases go back well over 10 years.*

*I have asked my tax officer several times how long it is necessary to retain such records for tax query purposes, but without any success.*

*Is there such a period specified, and if so, do I need to notify him before destroying old records?*

As far as the law is concerned, you can destroy old papers whenever you like. It would be as well to keep old contract notes etc, relating to stocks and shares which you still hold. Apart from this, it is reasonably safe to throw away papers relating to 1977-78 and earlier years (assuming that there are no open points for those old years).

## An empty house

*As a complete tyro in these matters, I am wondering whether your reply to the question about rates on an empty house (April 27) is correct.*

*My doubt arises because:*

*I have been informed that the question of void relief appears to depend on the authority, and that many authorities do not give this relief. Cardiff has been cited to me as one authority which does not give this relief. I do not know whether the information which I have been given is correct.*

*I recently telephoned my local authority on behalf of a friend who has bought a house in this district and who does not wish to occupy it for some time. I was informed that the authority gives void relief, but it was emphasised that the house must be completely empty of furniture; in fact it was stated that a single chair would be enough to negate this.*

Every rating authority must give void relief if a property is not occupied; although almost all authorities have passed resolutions under section 17 of the General Rate Act 1967 which enable them to limit the period of relief to three months (under the First Schedule to that Act). As to occupation, premises would be held to be occupied if furniture is kept in them, but this is not invariably the case: hence we stated that it is not necessary for the house to be clear of furniture. Our response is founded on a decision of the Divisional Court in Gage v Wren in 1903 where Lord Chief Justice Alverstone said that if things were left in the house without any intention of returning and merely with a view to finding a purchaser or incoming tenant the property inference of law is that there is no evidence of occupation. Thus in the special case where furniture was left in the house to protect the house pending sale of the house, not to preserve or store the furniture, a claim for void relief should not be defeated. The commonly held view that R v St Pancras in 1877 established that rates are due on a furnished house is not accurate, although one of the judges in that case said that a furnished house which is kept ready for occupation by the owner is liable to rating as being occupied. There is no doubt that in the vast majority of cases the presence of furniture would defeat a claim to void relief, and the only sure way to qualify for relief is to clear the house of all furniture.

## Indexation allowance

*Could you please assist me in a gains tax computation. For a quoted block of shares acquired before April 1965 is the indexation allowance calculated in relation to the actual acquisition costs or in relation to the Budget Day value? This indexation allowance then being added to the acquisition cost in order to establish if this produces a smaller gain than the unindexed budget day value.*

If you are asking about a sale of shares before Good Friday, April 5, the answer is that the indexation allowance (based upon the March 1982 RPI, 313.4) is calculated on either (a) the actual cost or (b) the 1965 Budget Day value, whichever is the higher figure, for example, upon the figure which is used to calculate the basic chargeable gain.

For a sale of shares since Easter, the answer is that, although the basic chareable gain is still calculated fro (a) the actual cost or (b) the 1965 Budget Day value, whichever be the higher, the indexation allowance is calculated on the March 31 1982 value. The basis of March 31 1982 valuations is not as generous as the basis of April 6 1965 valuations, unfortunately.

Both these answers have been written on the assumption that you have not elected (under the 1968 rules) for your April 6 1965 quoted equities, etc. to be pooled. If this assumption is wrong, please come back to us, with precise facts and figures.

## Losses and gains

*I hold shares in two companies which are in liquidation and, as the prospect of any return to shareholders seems negligible, proposed to the tax inspector that the cost be allowed against my capital gains for 1983/84. He has replied that the value of one lot of shares was negligible in 1982/83 and their cost is to be allowed against gains for that year, even though these were below the exemption limit. Likewise, the cost of my other shares are to be allowed in 1981/82, in this case against a taxable gain.*

*Do I have the option of postponing the first loss until liquidation is completed, which would probably allow the cost of the shares to be indexed? If so, would I also have to apply the same option to the other shares?*

The inspector is wrong, both as to the law and as to the extra-statutory practice on this point.

Unfortunately you have not given us enough precise facts to enable us to give you a precise reply. If, however, you are content to have the losses treated as accruing in the current year, then you should tell the inspector that (a) you do not seek extrastatutory treatment under SP/D13 and (b) the Courts have confirmed that losses claimed under section 22 (2) of the CGT Act 1979 do not accrue until the claims are allowed—which is not quite what the Board thought when SP/D13 was written.

## Bedsitters and tax

*My father died in January this year, leaving me his flat, which is unmodernised, and submitted for probate purposes at £22,000. When modernised it would be worth probably about £37,000.*

*I am a divorced woman aged 42, and own my own house, worth approximately £65,000 and have no mortgage. My daughter, aged 23, is buying her own flat with a mortgage. When I die, my daughter will be the sole beneficiary.*

*It is my present intention to modernise my father's flat to a certain extent, and let it as bed-sitters.*

*Is there any action I can take now to minimise the Capital Transfer Tax which would be due in the event of my death?*

Why not give your daughter a share in the flat?

Talk things over with the solicitor who acted for your father's executors (or the one whom you employ to draft the letting agreements). A deed of family arrangement may be an answer.

## Keeping the road clear

*My section of road "A" is single track concrete, 150 yards long, and fronted by five houses. It is unadopted and there are no plans to change this in the future. Some 15 years ago, the five of us paid for resurfacing. Below us, the same road is fully adopted double track and leads to 130-200 houses in various avenues and closes. These householders normally use another road "B" for access.*

*Our road is used by few cars but recently the local council closed road "B" for over seven days, so all traffic had to use our road "A."*

*When we have to resurface our road, should the council assist with the cost? Are we within our rights to ask (demand) a large school bus to use road "B"?*

Unless the use of the private road by unauthorised users is such as to hinder its use by those who have legal rights of way over it, those "dominant" owners cannot take legal proceedings to restrict use of the road. Only the owner of the road itself can sue the unauthorised users. However, if a number of rightful users were to obstruct the way (ensuring that other rightful users were not hindered) the unauthorised users would have no cause of action. Thus, for example, agreement among the five frontagers to gate the road and to lock it providing a key to each of the five would be a practical solution, so long as the owner of the way is also given access to it. The Council need not contribute to the cost of resurfacing.

*No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.*

# Holiday home comforts to please the taxman

TAXATION reliefs in the 1984 Finance Act considerably improved tax treatment of income from furnished holiday lettings. A demand for this sort of property has begun to grow again.

It is not just a matter of equipping a place and declaring it available for rent. Now that the Revenue accepts that this is "trading" in the business sense, rather than passive receipt of income, commercial criteria must be applied.

For a property to be eligible for tax reliefs, it must be available for letting over at least 180 days in the "holiday season," from April to October. During that time it must be actually let for a minimum 90 days.

"The season" is the summer months. But what if Easter is early?" What about Christmas and New Year holidays, and ski-time in Scotland? Visitors from overseas take holidays when the mood, rather than "the season" suits them.

Standards to which accommodation should be kitted out are not established. But furnishings from second-hand shops, and your own cast-offs, will not do. Now that many holidaymakers have experienced the quality of rented-out units in time-share developments, only the best is acceptable.

Whether you are letting part of your house, a country cottage, or a seaside flat, you must provide pleasant, comfortable furnishings and a good supply of labour-savings items.

It is also important to lay on appropriate domestic back-up to maintain high standards. Proper cleaning and inspection of equipment and furnishings should be carried out at the end of each letting.

The inventory has to be checked, meters read, and so on. All this may have to be done very quickly—but no less thoroughly—between one tenant leaving and another arriving.

Money from holiday lettings is taxed as "earned income." As friends who run some holiday apartments attached to their own home confirm, you will probably have earned every penny of it by the time a eason ends. "If the help does not turn up, you will have to strip the beds, clear out the rubbish, throw away half-empty milk bottles, and clean the grease off the cooker."

Besides established holiday accommodation, redundant farm buildings (with or without a main house) can be converted to holiday cottages, or a wing of an owner-occupier country house made into self-contained suites or apartments. They are all worthwhile propositions. So are "second-homes."

Some barns at Aller, near Cullompton, East Devon, have outline planning permission for conversion to three holiday units. They are for sale through Michelmore Hughes in association with Strutt and Parker, 24 Southernhay West, Exeter, Devon, priced in excess of £30,000.

The Yorkshire Dales make good hunting-grounds for barns. National Park and local authority regulations lay down strict guidelines, but seem sympathetic to planning applications for conversion to residential use, providing the outward appearance of a barn remains in keeping with the character of villages and landscape.

Andrew Sharpe and Partners, Ilkley (0943 600456), say that barns with planning permission run from about £16,000 in remote districts; from about £30,000 in more convenient and commutable districts — Leeds, Bradford and Harrogate, say—all within 20 miles of the Dales National Park. A distant, but fully converted barn for holiday use could be around £40,000, but up to £120,000 for something convenient and luxurious.

Stanton Court, a Jacobean manor house in 62 acres near the unspoilt Cotswold village of Broadway, with some outbuildings converted to five cottages providing a substantial income from holiday lettings, is on the market. The 10-bedroom house, staff flat, tennis court, swimming pool and private cricket ground, plus the cottages (with potential for a further five) is for sale at £1m through Knight Frank and Rutley's Chipping Norton office (0608 41914).

Higher Bowden Cottages, set in nine acres near the small coastal village of Stoke Fleming, South Devon, were once 18th century stone and slate farm buildings around a central courtyard behind the original farmhous. They were converted to eight cottages two years ago. Fully equipped domestic accommodation includes washing machine, dishwasher and colour television, with traditional Devon beams, pretty floral print wallpapers, fresh paint and antique pine furniture.

The English Country Cottage agency in Norfolk will accept bookings up until the end of October. Strutt and Parker's Exeter office (0392 215631), seeks offers in the region of £325,000 for the freehold. Letting figures show a good return on investment; they will be given to serious enquiries.

Charlton Mackrell Court, in 21 acres on the edge of the village of Somerton, Somerset, comprises a 10-bedroom, 6-bathroom Georgian house, three holiday letting cottages, barn and cider store. John D. Wood's Taunton office (0823 7811) is quoting £300,000 as a guide price

● Operation Viewing

We washed the net curtains, shampooed carpets and upholstery, touched up paintwork and polished the brass. Fruit bowls and flower vases were filled for colour and a welcoming air; clutter was cleared off shelves and tables. Some furniture was even moved into the garage to make the rooms look bigger.

Helping friends sell their home the other weekend reminded me how frustrating it can be.

The first couple expressed great delight with everything—their piano "would fit so well in the corner." They stayed more than two hours and were never heard of again.

The next pair of viewers had not received the agents' particulars, and "really wanted something larger." Another lot turned up an hour late—unable to find the road. The last appointment never materialised.

The rest were mainly "just lookers," obviously making comparisons with their own property. "We live just up the way and always wanted to see inside," confided one visitor.

One family announced that they would buy the house, stipulating early possession. They then revealed that they had a home to sell, and were unlikely candidates for a mortgage or bridging loan.

Useful tips are:

- Attach a rough sketch-map to details of your property, especially if you live in the country.
- Always ask your agent for extra copies of particulars.
- Try not to be discouraged or surprised; it is often the most unlikely punter who buys.

**June Field**

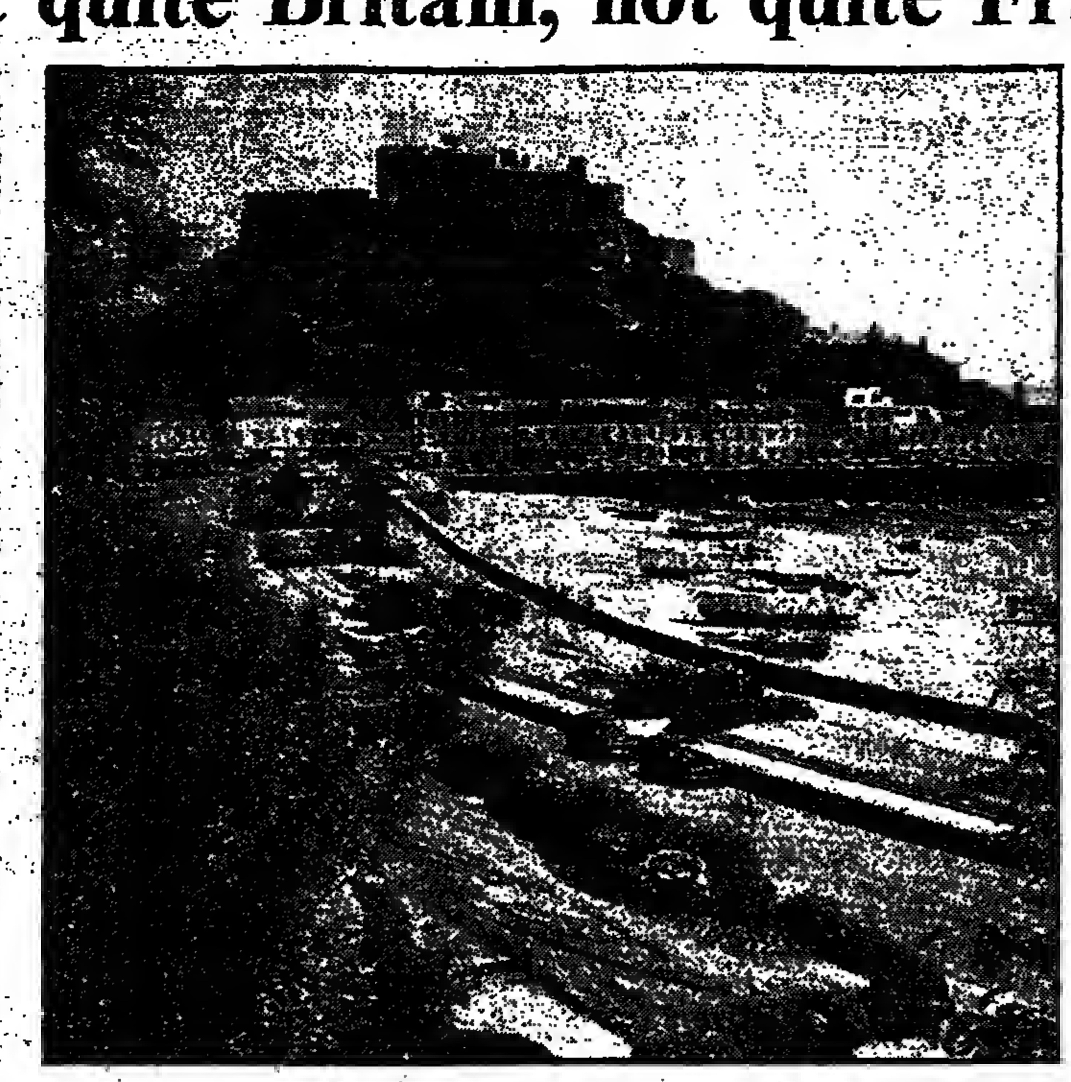
Penmount Farm, Truro, Cornwall, with 150 acres, 10 holiday cottages and a restaurant: Savills' Wimborne and Salisbury offices give a guide price of £550,000

St Mary's, Bramber, West Sussex, recently sold for more than £150,000. It was last used as the National Butterfly Museum





# Not quite Britain, not quite France



Dominating the beach at Gorey in Jersey, Mont Orgueil Castle, built to resist the French, but now housing a leisure centre

IT TAKES a great deal to change a first impression. "What do you think of Acapulco, then?"

"Oh, it was raining." "And Venice?" "Ah, yes, we were diverted to Milan because of the fog." "But London . . ." "Have you seen the queues for immigration at Terminal Three?"

Mention the Channel Isles to me and my mind goes back to a warm summer night an age ago. A plump and over-filled ferry chugged its way from the mainland to Guernsey. From the deck I watched the radio masts carve gentle circles through the millions of stars above. I was grateful for both the lack of swell and the warmth of the July air. Impecunious as I was, deck space was all I could afford.

Since then I have arrived less romantically and certainly less invitingly by air and in the rain. But that first impression has stuck and mention of the islands brings it back.

Things have changed somewhat over the years. These are now prosperous corners of Britain, enjoying a comfortable return on their independence. The islanders themselves have been joined by the monied set from the mainland: the gentry on Guernsey, the entrepreneurs on Jersey. The differences from mainland Britain have grown rather than the similarities.

It seems silly to refer to "mainland Britain" when the islands themselves are within cussing distance of France. But the Channel Islands have never been part of that country. Peopled by Celts they became part of the Dukedom of Normandy and, in 1066, it has been argued, Britain became part of the Channel Islands rather than vice-versa.

There are four main islands as far as visitors are concerned—the giants of Jersey and Guernsey, and the smaller retreats of Alderney and Sark. Each has a slightly different mood. What they have all enjoyed, or endured, in recent years is an explosion of services for the visitor, ever more shops, steady improvement in hotel accommodation and a profusion of small restaurants and bars.

There are still times, however, when you blink to realise that you are not in France. The exception to that observation comes in the case of food. The adventurous diner is probably best advised to plunge into the world of small restaurants rather than rely on hotel food. Much of the Channel Isles visitor traffic is middle class and middle-aged, and hotel menus tend to reflect this. The average Channel Islands hotel menu is a bit like the Daily Telegraph—strong on the basics and rarely innovative.

Back to the basics. Jersey is the largest, the busiest and the most southerly of the islands. The capital, St Helier, is a busy little town that is something of a gem—particularly if your first impression is of Royal Square in the morning sunlight rather than the sea-front esplanade, which is a little too packed with tourist trap shops.

Royal Square, chestnut-tree lined and stone paved, is an imposing but restful setting for the States Chamber, the Court House and the central library. In the streets around are the small cafes, bars and shops which give St Helier so much of its French mood.

The fortifications on the cliffs above the centre are not those that you see on most of the postcards: (The much photographed Mont Orgueil Castle is a few miles round the point at Gorey.) St Helier's town castle is Fort Regent, which may have been built to resist the French but has now fallen to more persistent troops in that much of it now houses a leisure centre.

In the bay sits yet another fortification, the 16th century Elizabeth Castle, thus named by St Walter Raleigh, a one-time governor of the Island. The Germans fortified it during their occupation and today it contains a museum of their equipment as well as the local militia museum.

Gorey, and Gorey village, are twin picturesque centres which are a delight to stroll around but murder to park a car in. You are much better off renting a bicycle.

There are one or two hotels in Gorey, and many more in St Helier, but much the biggest single centre for visitors is St Brelade (try the Hotel L'orizon) with its excellent beach and lots of activity. A little more isolated and scenic is Nonne Nuit bay, which is on the north side of the island and consists of a small sandy beach and a tiny fishing harbour.

Although Guernsey has the image of being the more rural of the two big islands it is, in fact, surprisingly built up. A huge area of its land is covered by greenhouses, producing tomatoes for salad-conscious mainlanders. The glass of these buildings glints up at you or out at you whether you arrive by air or sea, sometimes making the island look like a giant multi-faceted diamond.

St Peter Port has much more charm than Jersey's St Helier, but considerably less sophistication. It looks what it basically has been over the centuries, an overgrown fishing village.

Set points of any visit include listening to the island's Parliament in debate (the last Wednesday of each month) in the 18th century Royal Court, and visiting the town market (Thursday afternoons). At the market you can spend a happy few hours looking for that which no visitor leaves without — a Guernsey sweater.

I do not regard Guernsey as an island for anyone who is looking for a beach holiday in the traditional sense. It does not boast the long strips of Jersey's St Aubin's or that surfers haven, St Quen. What it does have, however, is a large number of small bays, secluded to the point of being hidden, which make wonderful little private retreats.

The study of these bays is one of such local folklore and technicalities that it would be a brave non-islander who ventured into the fray. Take local advice, and take it daily. Your guide is likely to hold a wet finger in the air before voicing his opinion since so much depends on wind direction on the day.

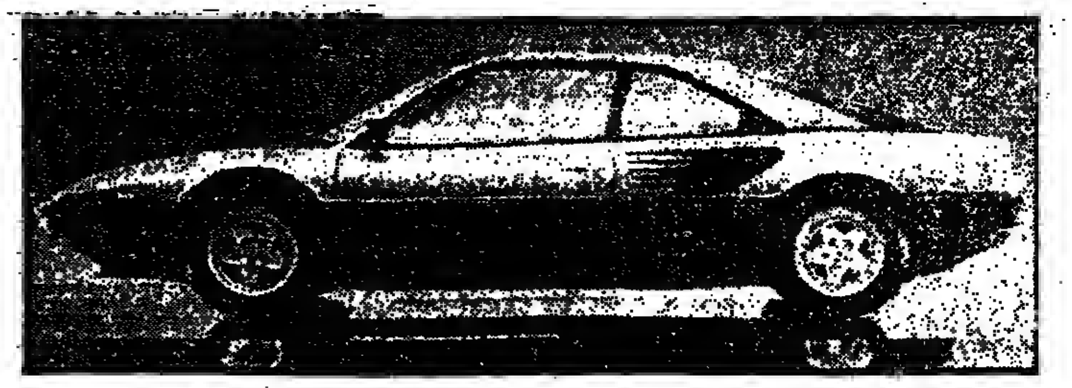
There are two good ways of seeing Guernsey's coastal pleasures, on bicycle and horseback. I should warn that the terrain is a little hilly so that you are as likely to spend as much time pushing your bike as riding it. At least if you are as unfit as me, but at least you get closer to the countryside that way.

I was not reduced to pushing the horse, although it might have appreciated the help, and can commend the saddle as an excellent vantage point from which to view some of the island's less accessible attractions. You can rent horses at Les Grandes Capelles, but they offer riding on the beaches only in the early mornings.

If rugged scenery and an away-from-it-all mood are your cup of tea then Alderney should attract your attention. St Anne, the island's town, is surprisingly large, but the island itself is a tiny place that some find forbidding and others intriguing. A dozen forts ring its coast, some in a bad state of repair and others in use for business or housing. It is a magnificent place for bird watching and flora observation. Apparently the gannets which inhabit the garden rocks arrived with the Germans in World War II. They, however, have remained.

Let me confess. I have never been to Sark and that, from what I have read and been told, is a terrible mistake. It is, after all, Europe's last feudal country and a pleasantly wooded and scenic one at that. Its hotels are of a high standard. The best time to visit is in the spring and early summer, now in fact. If you spot someone with a pile of paperbacks and a harried look, wondering if the newsdesk can find him even there, it is probably me.

**Arthur Sandles**



The Ferrari Mondiale Quattrovalvole; still a joy to drive without breaking the law

# A magnificent irrelevance

THE FERRARI Mondiale Quattrovalvole costs £33,200, seats two, does 150 mph and rather less than 20 miles to the gallon. If you think a motor car is a consumer durable or a management tool, please stop reading now. The Ferrari is neither. It is a motor car born out of its time; a magnificent irrelevance; a rich man's plaything and, yes, I enjoyed my brief use of it very much indeed.

It is not fault-free. Ferrari fanatics may wish to choke me for saying so, but I thought its gear change was awful. The polished steel lever working in a visible, vintage-type gate has to be wrenched out of gear, banged into the next one. The clutch is heavy and the pedal has to be depressed right down to the floor for a clean change.

Wide wheels with huge Michelin TRX tyres lead inevitably to a poor lock and heavy steering at low speeds. There is a lot of engine noise; a subdued mechanical thrash at low speeds, a bull-like bellow as the revs rise toward the 6,000-plus area. (At the end of an admittedly memorable 300 mile round trip, I took a phone call and had to keep apologising for not being able to hear.) The radio/stereo really isn't usable at more than 65-70 mph. The rear seats are uninhabitable when people of normal stature are sitting up front, and there is hardly any interior stowage for odds and ends. An enormous spare wheel and tyre takes up nearly all the under-bonnet space but there is a usefully wide mini-boot at the extreme rear, behind the engine compartment.

The good news is that the 3-litre V8 with four valves per cylinder (quattrovalvole sounds more musical, like sottopassagio instead of subway) fires up at the first flick of the key and is incredibly flexible. Admittedly, the Mondiale is low geared (20 mph per 1,000 rpm in fifth, as near as makes no difference) but I was astonished to find it trickling through town in top at 30 mph, ready to accelerate, cleanly, without changing down.

If you want to hear the engine in full song — why have a Ferrari if you don't? — you will see around 60 mph in second, 80 in third and 110 mph in fourth. At the claimed 150 mph maximum, the engine will be well into the yellow zone on the tachometer at more than 7,500 rpm. Maximum power of 240 bhp is developed at 7,000 rpm, but maximum torque at 5,000 rpm. Unless you want to draw attention to yourself, there is no need to go over 5,000 rpm. I tended to change up at 2,500 to 3,000 rpm unless I needed a burst of acceleration to get by a line of traffic.

The ride is not at all bad. Although the suspension is not harsh there is, of course, quite a lot of thump from the enormous tyres at low to medium speeds. At motorway speeds, there is little tyre noise fed into the car and the ride is very good. With lots of space around the feet and a two-way adjustable steering wheel, the driving position is excellent. The brake and accelerator pedals are close together, allowing enthusiasts to practice heel-and-toe gear changes. (Heel and toe? This fancy footwork lets you brake and simultaneously raise engine speed for double-declutched downward changes while, say, slowing down for a corner. I can't see that it has any place in driving on the public highway).

Visibility is much better than one would expect of so low a car; and I didn't find my head too near the roof. The rear window and a pair of electrically operated exterior mirrors yet you see everything behind; in a car like the Ferrari that is critically important. I mean, you need the other eye to look out for police cars waiting on motorway bridges, don't you?

Steering is scalpel-sharp. It becomes much lighter as speed rises. Its lack of power assistance makes the steering informative. There is so much feedback from the road surface that only the ham-handed and heavy-footed should run the risk of getting into trouble.

The ultra-low profile TRX tyres have seemingly unlimited grip for acceleration, braking and cornering. On a winding road, the Ferrari just straightens out the curves as though they weren't there. The limit may be 60 mph, but one can do it all the time, given clear visibility on the road ahead.

Italian supercars have not always enjoyed the best reputation for build quality. The mechanicals were marvellous, the bodies glamorous but poorly finished. But the Ferrari's build quality is in the Porsche class, and there is no higher praise than that.

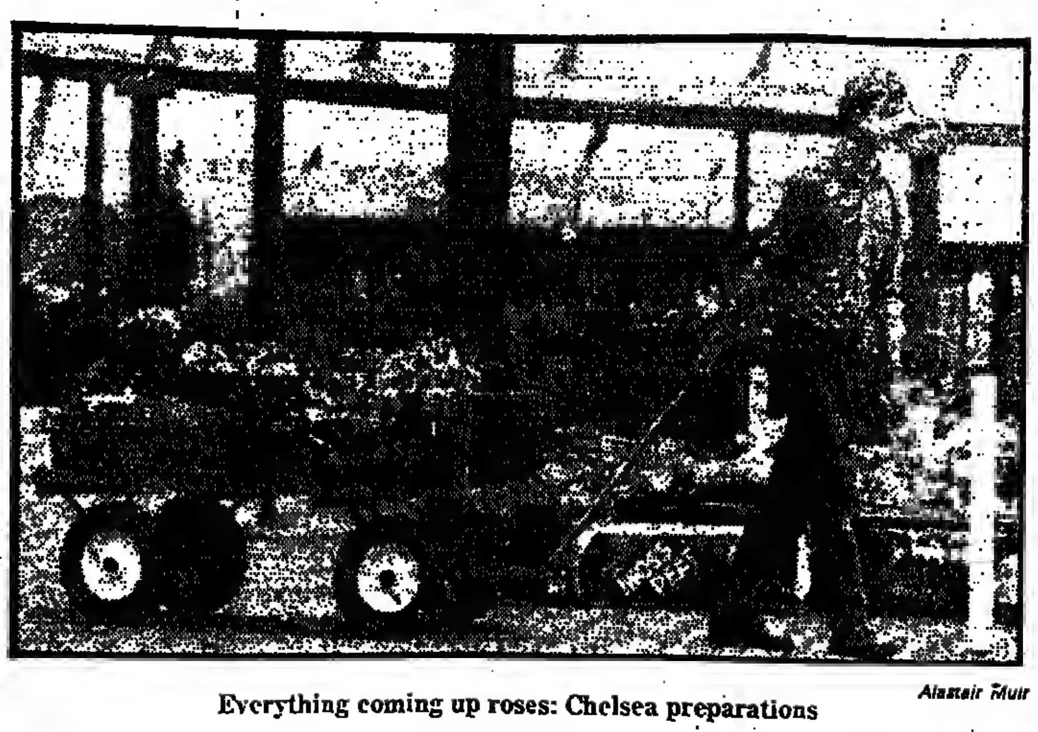
The question has to be asked: what is the point of running a Ferrari in Britain when only half of its performance may legitimately be used? The same can be said of a lot of fast cars; and you don't have to put your licence constantly at risk to enjoy the Mondiale.

In many ways, it is quite an old-fashioned car. Four-wheel drive and anti-lock brakes are beginning to be thought essential equipment for a really fast car with a high power/weight ratio. The Ferrari has neither. I suspect that some buyers who have fallen in love with the idea of owning a Ferrari, and have bought one, might be happier in, say, a Porsche 944 Turbo, a BMW M635CSi or an Audi Quattro. All are easier to drive, quieter and, for practical purposes, as fast.

But there is a magic about the Ferrari. One wouldn't buy it just for transport—Dom Perignon is not for thirst quenching, caviare not for the hungry. Call it a case of wish fulfilment

**Stuart Marshall**

Gardening



Everything coming up roses: Chelsea preparations

Alastair Muir

# A rosy view of Chelsea

ALL THE omens are good for the Chelsea Flower Show which opens next week in the grounds of the Royal Hospital, Chelsea. The Harrogate Spring Show in mid-April, always a reliable guide to the way big exhibitors are faring, was well up to standard despite difficult weather; and The Royal Horticultural Society's own pre-Chelsea show in Westminster at the end of April was one of the best I have ever seen, with exhibits of the highest standard.

Roses are going to be good and numerous with many new varieties on view. Peter Beale's Roses and David Austin Roses, both specialising in old roses and modern roses with an "old fashioned" look, are introducing several new varieties. David Austin will have three: Emanuel, a fragrant pink rose with full flowers opening flat and quartered; Abraham Barby, similar in shape, apricot-yellow in colour; and Sir Walter Raleigh, with peony-like pink flowers opening to reveal a brush of golden anthers in the centre. Peter Beale has Lady Romsey, a new cluster flowered rose in delicate shades of pink, cream and yelow on a white ground.

Sealands Nurseries say they have good stocks of their new, large-flowered bush rose, Felicity Kendall. It should be freely available in garden centres in the autumn.

Cants of Colchester are concentrating on older roses of proven merit, but include some new miniatures raised in the famous Meilland nursery in France. One, a blush pink named Peace Sunblaze, seems to fall between true miniatures and the short cluster flowered roses for which we have no official "class" name yet, though some rose-growers list them as "patio" roses.

Patrick Dickson has three newcomers from Northern Ireland: Anisley Dickson, a salmon-pink cluster flowered rose, won the highest award in the 1984 Royal National Rose Society trials. The other two are Peaudouce, a pale primrose large flowered rose; and Wishing, a compact cluster flowered rose with peach pink and yellow flowers.

Le Grice is introducing a new rose called Champagne Cocktail, cluster flowered in pale yellow flecked with red. It was awarded a Trial Ground Certificate in the RNRS trials as well as the Torridge Trophy.

I recommend all those interested in less common roses to get a copy of *Find that Rose* from the stand (No. 126) of the British Association of Rose Producers. It costs only 35p: lists more than 1,800 varieties along with the nurseries—sometimes only one or two—which stock them. I find it invaluable.

The garden section of Chelsea has been steadily improving over the past few years and some very interesting designs will be seen next week. "A view from Versailles" seeks to create an illusion of space and perspective in a small town garden.

Woolworth engaged David Stevens and Associates to make what they call "a garden for romantics," with a water mill, water rushing from a mill race into a still pool, a shady arbour, a timber walkway, and a bridge from which to catch reflections in the water.

Geoff and Faith Whiten have produced a helpful, lavishly illustrated book, *Making a Cottage Garden* (Bell and Hyman, £10.95). At Chelsea they put words into practice, showing two alternative treatments for plots measuring only 28 feet by 16 feet.

The Vogue Garden, created by Michael Balston with Rattee and Kett, displays various uses of new artificial stone called Kett Codestone. This can be moulded or carved, will take a variety of finishes, and is said to be very suitable for restoration work.

Daffodils have been recorded by Michael Jefferson Brown, enabling him to bring about 100 different varieties to Chelsea. One is a new orange trumpet daffodil priced at £120 per bulb; another is entirely novel, with the corona split and laid back flat on the petals.

The Chelsea Flower Show opens to holders of Fellows and Junior Member private view tickets on Tuesday, May 21 from 8 am to 8 pm; to the public on Wednesday, May 22 and Thursday, May 23, 8 am to 8 pm, and on Friday, May 24 from 8 am until 5 pm.

**Arthur Hellyer**

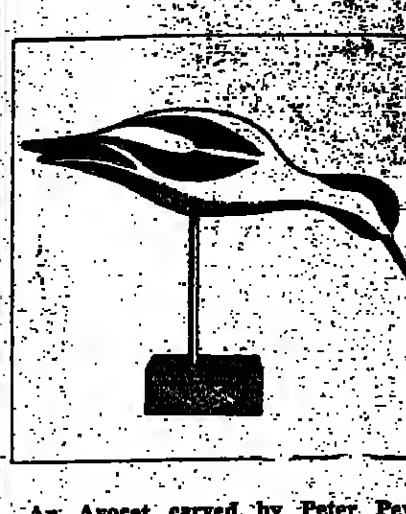
Lucia van der Post

HOW TO SPEND IT

# Sitting pretty on a small fortune

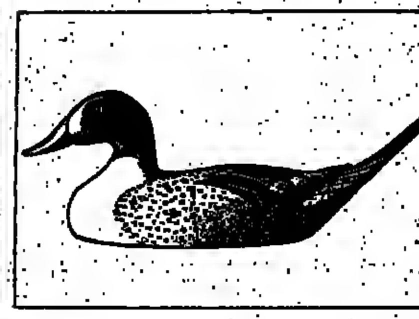
Hugh Routledge

Guy Taplin (left) surrounded by some of his hand-carved birds.



An Avocet carved by Peter Peyman (above), £127 from Mallards, 7 Pond Place, London SW3. The birds are hand-painted and sculpted to order so there is a six week's delivery delay.

A hand-carved, hand-painted duck from Taiwan, from Hilary's Quilts, 11 Priory Avenue, London W4 (below). For a colour brochure showing the varieties available send two first-class stamps.



Clare Brooks

DECOY birds were once an essential aid to survival for America's Atlantic seaboard immigrants. Men whose livelihood depended on hunting and shooting, who knew the water and the birds, carved their life-like models with nothing but ambush and shooting in mind. None guessed that these would become sought-after objects, fetching large sums in the auction rooms and antique shops of the world.

In America, where the tradition was strongest and lasted for about 70 years until 1918 when conservation and gaming laws put them out of business, they have long been appreciated as examples of authentic folk art. Over here, too, the simple shapes and lines, the primitive appeal of the hand-carved, hand-made objects, have turned them into modish collectors' items. A few years ago you could buy them for well under £100 but now you would have to pay at least £200-£250. Recent auction prices have gone as high as $70,000 for an Elmer Crowell goose.

The great price surge began in 1970 with the death of a leading American collector and author of the classic *American Bird Decoys*, Bill Mackey. His widow asked Richard Bourne, the Hyannis Port auctioneers, to sell the ducks. Prices went up overnight and people paid $1000 for a duck they could have bought for $100 the year before.

The main consistent British source of decoy birds is Robert Coyle of 10 Holland Street, London W8. He has a whole selection of these beautiful, simply carved and decorated birds at prices ranging from £50 to £4,500 for an 1880 Nathan Cobb. Some carvers' names sound as if they come from central casting at MGM—Dave "Umbrella" Watson, Albert Laing, Shan Wheeler, Ira Watson and, of course, Nathan and his son Elkenah, the biggest names in the business.

If you want to collect antique duck decoys it is worth noting that there are an awful lot of fakes about—they are usually easily spotted, being much lighter and more lightly painted. Many come from Indonesia. The true functional, hand-carved decoy is traditionally made from fairly heavy wood so that it will sit properly in the water.

England has had little of the same craft-tradition—a Kent carver called Grace made some mallard, teal, wood pidgeon and possibly a few geese. However, in recent years an Englishman, Guy Taplin, has started carving birds that have a haunting beauty all of their own.

He is passionately opposed to the hunting and shooting of birds: his carvings are purely decorative rather than functional. He began carving when he worked as a keeper of wild fowl in London's Regent's Park and he spent many hours every day alone with the ducks, the geese and the swans. Inspired by a decoy duck for sale in an antique shop he soon began to collect driftwood from the Thames and cast-off materials like copper and old nails from skips, all of which go into making the birds.

The most remarkable thing about Guy Taplin's birds is their simplicity; he seems to have the gift of capturing their essence, their spirit, without needing to apply layers of naturalistic detail. He seems to be able to do with a bold shape and some simple paint what Matisse could do with a few strokes.

At quite the opposite end of the spectrum are some modern American carvers who have adopted an overly realistic approach, carving and painting every feather, every tiny detail.

Those interested in Guy Taplin's birds can see them either at his own cottage — Anglesea Cottage, Anglesea Road, Wivenhoe, Essex (but ring Wivenhoe 2160 first because he may be out collecting driftwood)—or at the Portal Gallery, 16a Grafton Street, London, W1 which nearly always has a selection of his work. The Crafts Centre in Earlham Street, London WC2 also usually has some birds and on May 25 an exhibition of his work, ranging from small shore birds to herons, will be held at the Victoria and Albert Museum.

Prices range from £150 for a small shore bird to £500 for one of his beautiful swans.

Mallards of 7 Pond Place, London SW3 specialise in the carvings of another modern artist, Peter Peyman. On the whole his style seems to me more naturalistic, less boldly simple than Guy Taplin's, and some of the birds, like his mallard at £232, are more akin to lifelike models than the original decoys.

Sketched here is an Avocet which sells for £128 but also in the series are a pair of snipe at £240, a pintail duck for £216 and a shore bird for £72.

Both Peter Peyman and Guy Taplin approach their work as artists, and the prices inevitably reflect this, but there are much cheaper, less fine models around which nonetheless offer some decorative value for very little outlay. Hilary's Quilts of 11 Priory Avenue, London W4 has a large selection of hand-carved and painted wooden decoy ducks which sell for £14.95 each. Every duck is different, all can be bought by mail, and the average size is from 10 in to 12 in.

**Lucia van der Post**



Collecting

# Every bear that ever there was

OLD Teddy Bears have entered the bull market. A Steiff pale-plush bear with straw-stuffed body sold at Phillips recently for £1,100.

Collectors from Pooh to Paddington are looking for the best buys. The dedicated bear hunter doesn't look on a Teddy Bear as either a doll or a toy. One, with a collection of 400, said: "The bear functions as a powerful symbol that provides satisfaction of a psychological need, giving solace and enjoyment to people of all ages."

And he was an army colonel who took one of his 400 into battle in North West Europe, where they served together on Montgomery's staff.

Bears are said to have first come into the market after a cartoon by Clifford Berryman in a November 1902 Washington Star showed President Theodore Roosevelt refusing to shoot a small bear on a hunting expedition because he could not harm such a small, defenceless creature.

The story goes that Morris Michtom, proprietor of a Brooklyn candy store, whose wife made and sold toys, had the idea of making a copy of the animal with movable limbs and button eyes and calling it Teddy's Bear. It sold immediately, and the enterprising store owner formed himself into a company which eventually became the Ideal Toy Corporation.

Three bears in the London International Antique Toy & Doll Convention on Sunday at the London West Hotel, Lillie Road, SW6.

Around the same time the firm of Steiff in Germany was experimenting with jointed bear-toys made of plush. A model was exhibited at the Leipzig Fair in 1903 and serious production began a year later. The bear was originally marketed as "Friend Petz," its trademark *Knopf im Ohr* (button-in-ear). Twelve thousand were produced in 1904, with a million going to America three years later.

Britain's bears were promoted in print with Rupert Bear in the Daily Express, 1920, and A. A. Milne's Winnie-the-Pooh was perpetuated in book form in 1924 by *When We Were Very Young.*

One of the younger members of the bear set, Paddington, is now 27 years old.

But if you go down to London's West Hotel, Lillie Road, SW6, tomorrow, you will find some of Joan Dunk's historical collection of teddy bears exhibited at the London International Antique Toy and Doll Convention.

The 125 bears date from about 1903 to 1930. Sizes range from three inches to 29 inches, and they come from the UK (Chad Valley and Merrythought), the U.S. and Germany, with a musical bear from France. All are articulated, stuffed with sawdust or straw, and covered with plush, with suede or canvas paws.

Old bears are recognisable by their big feet, shoe-button eyes and bumped back. "Peter" bears, made by the Gebrüder Süssengutt factory near Coburg, between 1925 and 1928, are ferocious looking, their open mouths revealing sharp, carved wooden teeth, and their bright eyes roll from side to side.

Watch out for worn plush, replaced pads, missing eyes and stitching on snout and inoperative squeakers. There were two bears answering to this description in Lawrence of Crewkerne's sale the other week, but no-one seemed to mind. In better shape are the seven German bears estimated to make £100 upwards in Sotheby's London sale on Tuesday.

Bears can be bought at the exhibition through Pam Hebbs, who has a gallery in Camden Passage, Islington N1 and Richard Wright, who is coming over from Birchrunville, Pennsylvania, with some fine early Steiff bears.

There is a definitive reference work — *Peter Bull's Book of Teddy Bears.* (Cassell 1977).

**June Field**

Fishing

# Sometimes the Test comes up trumps

THE ICY winter has certainly affected the Test. There is little weed to hold back the flow, and someone upstream must be muddying the water because it has been dark and gloomy ever since the season opened on May 1st.

There has been very little fly, and I waited until I was able to fish the beat behind the stews. There was a horrible Northerly wind blowing right downstream; nothing was moving. In these conditions one has to fish blind, and I knew there were fish there. The water was even shallower than last year. Mud seems to be settling all down the river—one day something will have to be done about it.

I cast over a likely spot. Sure enough, a fish spied the fly through the murk, and took me. It rushed up and down the shallow water, winding the line among the reeds at the side. Then it came off—I saw it ...

I did rather better on my next outing. It was another horrible day with a force ten gale blowing down stream and nothing on the main river. However, the carrier was sheltered from the wind, and there was a small hatch of iron blues or olives which fish were taking. In water without a vestige of weed growth, I did at least catch a handful of grayling, which showed the river was not quite dead. I returned the grayling.

Grayling is an underated fish in this country. It is good eating if you have the patience, when cleaning, to scrape the scales off the skin; and if you do not mind a mouthful of bones. The best place to scrape off the scales is on the river bank. Grayling has a rather better flavour than some trout.

I had thought that all I would see would be grayling, and was fishing the next one when there was a definite trout rise and I involved ... under the new limit of 12 inches. At the end of three bloak days I was content to take it home.

On Sunday afternoon, bored and tormented by the wind I decided to try again. The beat is bridged by a road and the usual irresponsible character was there throwing crusts in the water to feed the ducks and fish. I carefully refrained from advising him to save the bread for the starving Ethiopians. He was a good deal bigger than me. My hopes were raised by seeing the swallows scouring the surface of the river, but although they were obviously taking fly off the water no fish ventured to put its head up.

I was back at the road bridge and thinking of going home when I saw a few fly leaving the water and, more interesting, the odd fish rising to them. The bread feeder had disappeared and I dropped a pheasant tail ... times without result. Then I was reeling in when a fish took me, obviously a good one. When netted it weighed three pounds. This brought up a question of ethics. The rule is upstream dryfly and I was in a dilemma. Should I put the fish back?

I was still pondering this when taking the hook out when I saw a large hook already in its mouth and a length of nylon disappearing down its gullett. Obviously it would have to be killed. Someone had obviously been fishing with bread from the bridge.

My patience was further rewarded when I fished a very occasional rise and was able to land another three pounder. The moral of all this is that however uncompromising the circumstances, the Test will occasionally come up trumps, and poachers when fishing should at least use strong ...

# WINE

THE early cries of doom over the 1984 claret vintage were premature. Some of these dismissals were heard well before the pickers entered the vineyards and were justified on the grounds of the poor spring, the late, irregular flowering of the vine, leading to poor setting and swelling of the grapes, and above all to the failure of the early-budding Merlot and, to a lesser extent, of the Cabernet-Franc.

The chief result was a very small crop: 1.93m hl of *appellation contrôlée* red wine, compared with the above-average 3.19m hl (−39%) in 1983. Another large crop would have been highly unwelcome, but the basic *appellation* growers and *petits châteaux* who normally pick earlier than the superior growths were caught in the wet weather that preceded and continued in the first week of the vintage that began a little late on October 1. In general, therefore, they made disappointing wine.

Most higher level estates waited at least a week before starting picking. This gave the vines time to dry out and marked the return of fine weather that lasted until the end of the month. There was little rot, and by means of stringent selection many châteaux made good wine, and some very good wine.

Those châteaux largely dependent on the Merlot grapes suffered severely: the right-bank districts of St. Emilion, Pomerol and Fronsac. They had little to pick and ferment.

It was not, though, a total disaster for those châteaux not relying only on the Merlot. For example, Cheval-Blanc with only 34 per cent Merlot and Figeac with 29 per cent, are reputed to have made fine wines in 1984, although I have not tasted them.

In Bordeaux last week, however, I had several remarkable opportunities to taste both *cru classé* and *cru bourgeois* '84 Médocs.

I should start with Ch Margaux, where I was privileged to taste the new wine. The first growths do not admit outsiders to their cellars until the *Vente en primeur*, when they offer the first "slice" of their wine. I sampled the Pavillon Rouge, the second wine, and the Grand Vin of the '84 and '83 vintages. Both '84s are very successful wines, with the Grand Vin almost black in colour and deeper flavoured, more tannic than the Pavillon Rouge, which was elegant on the nose and more forward. The '83s were clearly the finer, rounder wines, but closed up, as is normal in the second year.

Ronald Barton arranged at his Château Langoa in St Julien an admirable tasting of 21 classed-growth 1984 Médocs, and later William Bolter laid on a tasting in his Bordeaux office of 11 bourgeois 1984 Médocs. Also, two weeks earlier, I sampled a dozen lesser 1984s at Ch. Loudenne. To complete the picture, I tasted the Léoville-Las-Cases, not included in the Langoa assembly, and a re-tasting of the Pichon-Lalande. I sampled the '83s and the '82s, and at Las-Cases also the Potensac, in the same ownership, and the second wine of Las-Cases, the Clos du Marquis, of all three years.

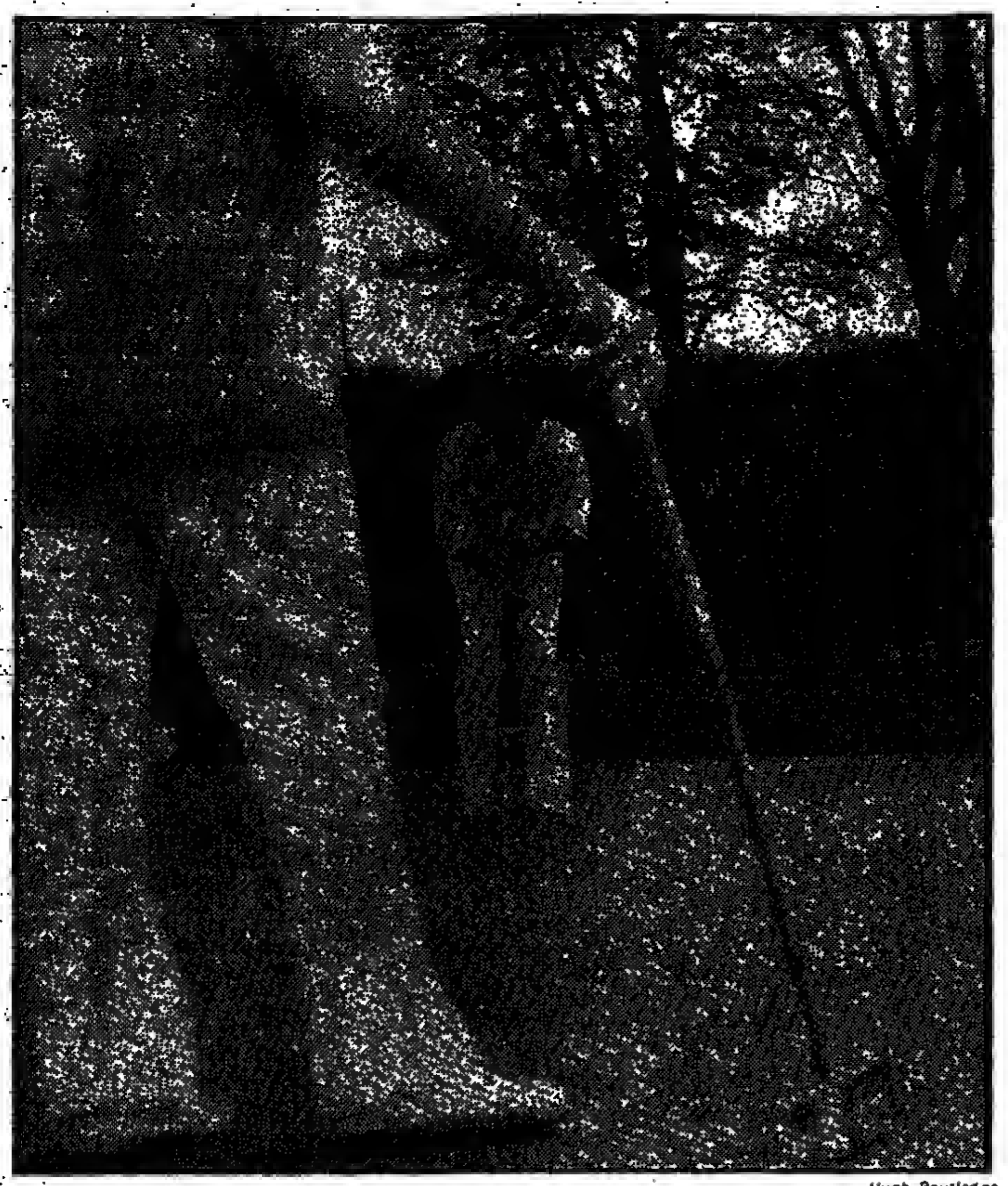
At Rausan-Ségla I tasted the '84 and '83, as well as Smith-Haut-Lafitte, and later the Palmer and Angludet of both years. As will be seen, nearly all were Médocs, though I understand that good red wines were made in the Graves.

Classed growths that particularly appealed to me, and to professional tasters, included in alphabetical order: Cos d'Estournel, Ducru-Beaucaillou, Grand-Puy-Lacoste, La Lagune, Léoville-Las-Cases, Lynch-Bages and Pichon-Lalande. My second 11 included Cantemerle, Gruaud-Larose, Lascombes, Léoville-Barton and Palmer.

There was more variation among the *crus bourgeois* that tended to be lighter than the *crus classes*, but good, very acceptable wines were made. Those I preferred included Angludet, Beaumont, Fourcas-Hosten, Loudenne, Sociando-Mallet, Tour-du-Haut-Moulin and Verdignan. Patache d'Aux that showed very well at Loudenne, seemed to lack fruit a few weeks later in Bordeaux. On its own, Potensac '84 had very big colour, oaky bouquet and a fruity, strong, tannic flavour.

The relative performance of this or that sample drawn from the cask is of less importance just now than the conclusion that, contrary to some early reports, 1984 is by no means to be written off, but for the successful growths a vintage worthy of serious consideration by claret drinkers, if not by those primarily interested in investment.

But it is also up to the producers by means of their reasonable prices, to convince consumers why, after three good vintages, we should now embark on the 1984s. To shrug off a vintage that will probably mature fairly quickly would be a mistake. It should be repre-



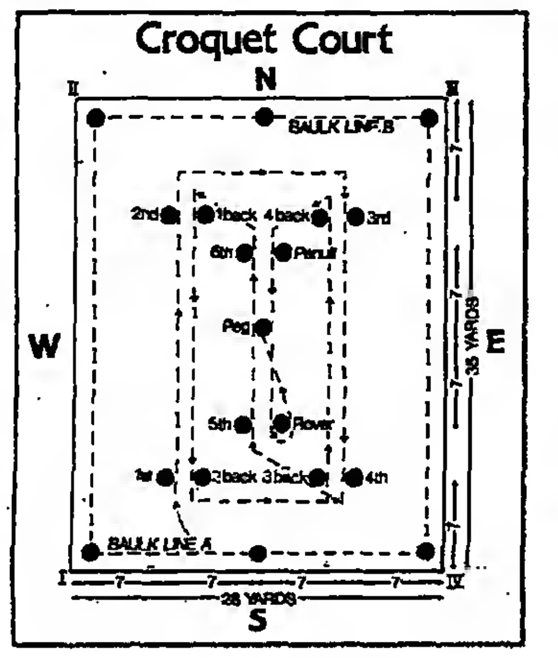
Hugh Routledge

Nigel Aspinall, ranked No 1 in Great Britain, concentrates on a tricky shot

## Lawn maintenance

CROQUET requires a "true" playing surface and a lawn based on the finest grasses; short-growing selections of Chewings fescue such as Cascade, Encota, Frida and Highlight blended with equally good quality selections of browntop such as Highland, Saboval and Tendenz. Such varieties are expensive but the seeds are small and the rate of seeding can be low. The seed bed must be extra clean to prevent weeds getting a head start. Warm moist soil will speed germination — conditions are likely to be best in April and September. The grass needs to be kept short — about 5mm. This reduces leaf area so much that the turf needs feeding four times a year *plus half an inch a day of water in dry weather*. Weeds must be kept under control with selective lawn herbicides and moss must be eliminated with a proprietary killer like Tumblemoss or Moskil.

**Arthur Hellyer**




# The genteel art of croquet — how to put the mallet in

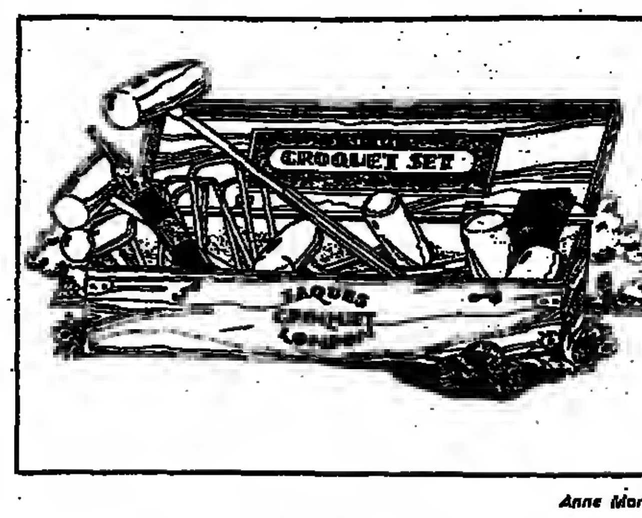
STEVE DAVIS and John McEnroe had better watch out —improbable as it may seem, croquet is now one of our fastest-growing sports. The number of mallet-wielders has grown by over 30 per cent in the past three years and the energetically combative can now go into battle at something like 90 different tournaments a year. There are school tournaments and university ones, genteel country ones for rural women and top-flight ones for the game's elite.

For the patriotically-minded it is a comforting sport to support for on the smooth green lawns we still manage to come out tops. We may have to look to our mallets, though, because competition is getting tough. Next weekend Great Britain plays the U.S. in the first ever test match but nobody here is worrying yet—quiet confidence still reigns. But across the Atlantic the game has been taken up by successful top executives whose wits and cunning have been sharpened by years of boardroom infighting. They aren't used to losing and they don't propose to get used to it now.

It all began way back in Victorian England when the famous All England Club at Wimbledon was better known for croquet. Then it was a gentle summer afternoon's diversion accompanied by the civilised rites of china tea and polite conversation. Today's young players see it differently —they play to win. As summer approaches they are getting ready to advance upon the nation's lawns, for there are mallets to wield, balls to bash and opponents to beat.

The great charm of croquet is that it can be played by young and old, male and female. You can make of it almost what you will. You can keep it gentle and civilised and potter round the court or you can marshall all the many skills it requires ("the shooting skills of golf, the positional manoeuvring of billiards and the strategic cunning of chess" is how an article on the subject in Chief Executive magazines summed it up) and go for the all-out kill.

Steve Mulliner, who is ranked No 2 in Great Britain and is just 31, plays because "it's the only game I know which balances the need for physical skill, tactical sense and psychological strength. It's also the only game I know that I can play at International level and still lead an almost normal life."



Anne Morrow

## Equipment advice

**Every serious croquet player knows that the only mallets to wield are those made by John Jaques and Son. This particular set consists of hardwood mallets with ash handles, hardwood balls, tournament hoops, winning peg, clips and a set of rules all packed into a wooden box. Prices vary so shop around. The lowest price we found was £130 from Heal's of 196 Tottenham Court Road, London W1. Delivery free in the London area, £20 carriage outside London.**

So let us suppose that you want to play croquet, how should you set about it? It is worth pointing out first that Association Croquet is not the same as golf croquet. In golf croquet, the hoops are treated as holes, as in golf. The balls play in sequence — Blue, Red, Black, Yellow — and the first ball to run through a hoop wins the hole, and then all proceed to the next hoop. The game has as much relation to Association Croquet as clock golf has to the Royal and Ancient game.

So you want to play proper croquet. Your first step should be to join a club. If you live in London this is relatively easy, you *will* have to become a member of Hurlingham or Roehampton and at both clubs you will find players ready to help beginners of all ages. This, according to Steve Mulliner, is one of the other charms of the game—there is none of the exclusiveness that attaches to many sports. Those who play croquet are anxious for the game to expand and all the best players feel that they should help as coaches.

For any and all questions relating to playing the game you should write to The Croquet Association, The Hurlingham Club, Ranelagh Gardens, London SW6. It will supply a list of clubs to join in and out of London. Those living in South London may be interested to know that a new club will shortly be *starting* in Surbiton (apply to The Croquet Association for details).

*If* you don't yet know whether you want to go to the expense of joining a club there is a recently-opened public court at Fulham Palace off the Fulham Palace Road, London SW6 where there is play on Wednesday and Sunday afternoons and you can just turn up and look and put your name down for a game.

If you join a club it will give you a handicap which will enable you to compete at your own club and at other clubs all over England. There is a tournament somewhere almost every week of the year from April to October, regulated by the Croquet Association and organised and managed by the local club. The pattern is usually the same—an Open Singles, a B Class Singles, a C Class Singles, a Handicap Singles and a Handicap Doubles.

*Most* of these clubs are in delightful surroundings and, some, like Budleigh Salterton and Nottingham, are scenic gems.

The chief championship events of the season are normally played at *Hurlingham and* Roehampton. In addition there is the President's Cup, which is an invitation tournament for the "Best Eight" and it takes place towards the close of the season. But Hurlingham and Roehampton *also* have *other* tournaments for those who aren't quite up to championship standards.

If you want to play at home, the major problem is *space*. Private courts which flourished in the early part of this century, have largely disappeared, not surprisingly when the *proper court* should measure 36 yards by 28 yards—nearly twice as wide as a tennis court.

Arthur Hellyer, left, advises on how to get the lawn into perfect order but remember that upkeep is another matter.

The position of the pegs and the hoops has all been carefully laid-down—nothing haphazard will do—and those wanting to play the authentic way should apply to The Croquet Association for plans and for a proper set of rules.

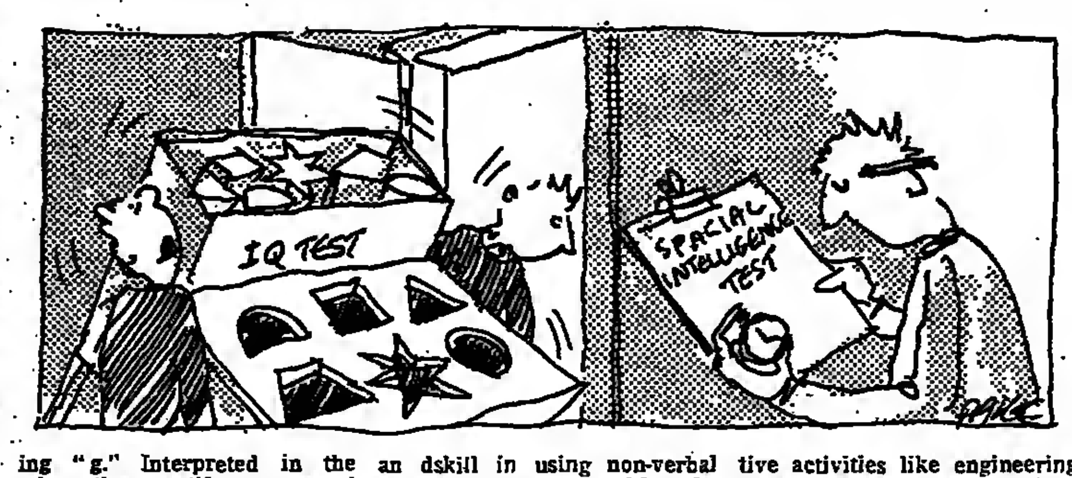
If you can find it in your local library, our bridge correspondent E. P. C. Cotter's classic book on the subject, "Tackle Croquet This Way"—will give you all this information and more. Available from The Croquet Association are "Know the Game—Croquet" and "Basic Laws of Croquet."

For the rest of us, for whom croquet is more a pleasant way to pass a summer afternoon than a chance to make the championship roll of honour, golf croquet is probably more our line. It may not require quite the skill and resourcefulness of the official game but it is challenging enough for most ordinary mortals. It still offers plenty of opportunity for skill and low-down cunning, for ruthless competitiveness beneath the polite veneer and above all the chance as one of America's leading players put it "of knocking your opponent's ball from here to hell and gone!" It makes you realise that Alexander Woollcott's doctor had a point when he forbade his famous patient to play unless he won.

**Lucia van der Post**

Education

# Too clever by half or not half clever enough




ARE your children intelligent enough? The question continues to worry many families despite the scrapping of the 11-plus tests that once branded most children as unlikely to succeed in the five years of compulsory schooling ahead of them.

*While the tests have largely* gone, the kind of intelligence they tested remains important. It is still viewed as the prime determinant of a young person's progress not only in education but increasingly in the working world.

But although that view is held by most teachers, employers and the lay public, it is not backed by the full weight of expert opinion. Psychologists, for instance, are in more than two minds.

The range of intelligence in question consists of the abilities to reason in terms of words, numbers and other systems of symbols. The prevailing view is that the intelligence quotient testing which assesses those abilities provides a decisive measure of a so-called general intelligence, and that a low score in IQ tests means incapacity for any work depending mainly on use of the mind.

This view is shared by many psychologists. They believe that there exists a general, or "g," intelligence which governs success at all mental activity. But many deny the existence of a single governing "g." They believe there are several different intelligences with none dominant over the rest.

The dispute is not over something fundamental, as it might be if one side's argument was based on the results of one kind of intelligence testing and the opposing side's argument on the different results of another kind. Both groups take as their starting point the same evidence—*the scores* of countless people who have been tested since the early years of the century.

What causes the two sides to reach opposite conclusions from the same evidence is that each uses different statistical assumptions as its basis for interpreting the identical test results. Interpreted one way they support the idea of a single governing "g." Interpreted in the other they testify to several freestanding intelligences.

The dispute is primarily about which of the two statistical approaches is the more scientific. But despite numerous attempts over many years, nobody has shown either approach to be scientifically better and it may prove impossible to do so. A growing number of experts now believe that the lengthy dispute cannot be settled so long as its starting point remains the results of IQ testing.

Consequently a third broad group of psychologists are using other starting points for their research into the nature of intelligence. One is Dr Howard Gardner, of the United States, who has started by studying people carrying out a variety of intelligent activities in different cultural settings.

The aim is to take account of the whole range of human skills mainly depending on use of the mind, rather than just the ability to reason in terms of words, numbers and other symbol systems. To fit his definition of "intelligent," a skill must satisfy several firm criteria. For example, it has to be an ability that is wiped out by damage to some identified part of the brain.

Dr Gardner's findings support the case for separate intelligences. He claims that there must be at least seven of them.

Only two are of the IQ type: skill at reasoning in language, and skill in using non-verbal systems such as arithmetic. Developing these remains the overwhelming concern of schools' predominantly academic curricula.

Two more are musical ability, and what Dr Gardner calls bodily-kinesthetic intelligence which is shown by precision and effectiveness of physical movement, for example. These are fostered to a lesser degree in schools, but more in some than in others.

The fifth is "intra-personal" intelligence—ability to reflect on one's own position and emotions, and *act* in line. It also may be developed as a by-product of the introspective activity of studying academic subjects as an individual.

But individual study seems unlikely to foster the sixth "inter-personal" intelligence, the outward-looking counterpart of the intra-personal kind. This is the ability to understand other people's feelings and positions, and respond accordingly.

The seventh, too, is given scant attention in most schools. It is spatial intelligence, typified by ability to visualise things such as machines which could be but haven't yet been made. Well developed, it evidently enables people to build up in their imagination a three-dimensional image of a complex device, working out what its component parts would have to be and how they would interact.

Spatial intelligence could be essential for success in innovative activities like engineering design. Moreover, while ability to reason in symbol systems is always to some extent required, inter-personal intelligence would seem to be at least as important in most skilled jobs, including management. Bodily-kinesthetic ability is often crucial.

Consequently, pupils merely middling at the IQ-type ability valued by the examination system, are not necessarily doomed to mediocrity at work. High inter-personal or spatial competence, for instance, could equip them better for most *skilled* jobs than a supreme symbol-system reasoner lacking the other abilities.

The trouble *is* that despite the strengthening support for separate intelligences, most employers as well as educators blindly take it as self-evident that potential for all kinds of skilled work is governed by a single "g."

Even though Government policy is to increase practical studies in schools, the assumption behind the policy is evidently that these activities, are needed to cater for lower "levels" of a single general ability, rather than to develop a full range of different freestanding intelligence.

Many teachers still emphasise to pupils that what makes humans superior to other *kinds* of animal is that we have the power to reason in terms of systems of symbols.

If so, alas, the days of human supremacy may be numbered. The sort of reasoning entailed is illustrated by the following sum. (Readers who care to tackle it should know that if the sum were set down in figures it would be obvious that the top and second lines add up to the third line. But each digit from 0 to 9 has been replaced by a particular letter, always the same one. The problem is to work out, using the rules of simple arithmetic, which letter stands for which digit. Please remember that while words are read from left to right, addition is done from right to left.)

**GERALD**
**+**
**DONALD**
**= ROBERT**

The sad fact is that a computer programmed with the relevant *arithmetical rules* — which it would absorb far faster than the average child — could solve the whole range of problems of that kind almost instantly and unerringly. Even sadder is that, unlike present computers, the advanced variety no longer need to have a human spell out the relevant rules to them before they can do their lightning calculations.

Given particular examples of the workings of numerical systems, computers can evidently be made to work out the general rules involved and then *write for themselves the further* programme needed to apply the rules.

What's more, while we remain way ahead in handling language, there is in principle no reason why computers cannot be made at least our equals at verbal reasoning too.

In short, if the single "g" theory is right and what makes humans superior to the brutes is the power of symbol-system reasoning, then by the same token computers seem potentially superior to us. For our own self-respect, we might do well to change to the separate intelligences view.

**Michael Dixon**

# BRIDGE

In *How The Experts Do It* (Faber hardback £9.95, paperback £3.95) by Terence Reese and David Bird, the authors have in mind the moderate player who is anxious to reach the top class by improving his

N
♠ 8 7 4 2
♡ 9 6
♢ 7 4
♣ Q 9 7 6 3

W
♠ J 9 3
♡ J 10 8 2
♢ Q 8 6 5
♣ 8 5

E
♠ Q 10 8 5
♡ K Q 7 3
♢ 10 3
♣ K 10 4

S
♠ A K

At game all South deals and opens with a conventional two clubs, and rebids two no trumps after the negative response of two diamonds. In this sequence the responder may pass with fewer than three points, but North manfully raises to three no trumps, and West leads the heart Knave. This is allowed to win, as is the ten which follows, but South wins the third lead. An average declarer turns to the diamond suit, cashing Ace and King. The ten drops from East, so he plays the Knave, but when West takes his Queen he returns his last heart. This enables East to score the King, and then cash the club King to put the contract down.

Expert technique brings home the contract. At trick four declarer plays not the Ace of diamonds, cashing Ace and King. When the ten drops, the contract is in sight. The diamond Queen is driven out, which enables East to make the last heart, but the declarer has nine tricks, four diamonds, one heart, and two tricks in each black suit.

Playing clubs in the right order makes all the difference

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** See Provincial Trust Ltd.

§ Demand deposits 9¼%.

# Italian priest's journeys to the Forbidden City

THE MEMORY PALACE OF MATTEO RICCI by Jonathan Spence. Faber & Faber. £15.00, 288 pages

WHATEVER you think of Christian missionaries, their missions make excellent reading. No salesman nowadays can compare with them. They arrive as solitary travellers in a vast and hostile market which is completely uninformed about their product. They have to learn complex languages, find a foothold and temper their goods to the surrounding culture. In 16th-century Japan, customers were won by the thousand. In Tibet, for instance, the results were embarrassingly bad. Missionaries are particular friends of historians because they keep diaries and write memoirs. They are not always such friends of their Church leaders because they tend to put their own interpretation on Christian conduct and leave skeletons in the orthodox cupboard.

Until recently, Matteo Ricci was not of much interest to his fellow Catholics. As a Jesuit, he had been the first missionary to bring Western Christianity to China. He arrived in 1583; gained entry to the Forbidden City and won favour from the highest society. He died in 1610, leaving a community of 2,500 Christians, which was not a bad score after 28 years' ingenious canvassing.

So ingenious, indeed, were his methods that for centuries the authorities played down his achievements. Ricci was believed to have compromised the Gospel by permitting his converts to continue to worship their dead ancestors. His successors were Dominicans and Franciscans who made no such concessions. In his last years, Ricci wrote a quarter of a million words on his Chinese experiences, but his Jesuit editors cut and altered the published text and the book was soon neglected.

So far as I can gather, Ricci was not a particularly incisive or sensitive writer. However, a quarter of a million words are a free gift to historians and in the 1940s they were at last properly edited. In 1955, Vincent Cronin made good use of them in his vivid narrative of Ricci's life, *The Wise Man From the West*, which was re-issued last year in paperback, Fount (Collins) £2.50. I enjoyed it immensely and it remains a straight, lively story of Ricci's life, with a new postscript which remarks on the Chinese interest in Ricci since 1979 and the possibility that Catholics will now make him a saint. It is a much better read than most of the purely "travel" books with whose re-issues we have recently been flooded.

Jonathan Spence's book is also excellently written, but it is a much subtler affair. Spence is an expert in Chinese and a Professor of History at Yale, now in his forties. He is an author who thinks deeply about the form and angle through which the past can be presented. He is not afraid to impose his own shape, as all historians, ultimately, must: imagination and learning are, I suspect, two poles between which his work is constantly torn. Naturally, he has been drawn to forms of biography and personal memoir, of which his recent study of modern China, *The Gate of Heavenly Peace*, was an outstanding example. For Matteo Ricci, he has chosen an approach through art and images. One of Ricci's talents was a technique of memorisation, using imagery to recall names and facts and placing it in the rooms of imaginary "memory-houses." The trick is still familiar to schoolchildren . . . but Ricci startled the Chinese with his remarkable gift for it. they, in turn, saw its scope for use in their fearsome Civil Service exams. Ricci's written work on this subject contains four Chinese "characters" ready for use in a memory-palace's front hall. Near the end of his life, he also selected four Biblical pictures for a separate enterprise, a book of illustrations by a Chinese printer. Each picture survives, complete with a commentary. Round these pictures and the four memory-images, Spence constructs tight chapters, exploring much of Ricci's own times.

There are some fascinating episodes on the way through, the Jesuits' dealings in the silk trade, warfare, shipping and the Christian attitude to slaves, whom Ricci, too, employed.

An enchanting epilogue takes Ricci beyond his "memory-house" and into the next world, but I am not convinced that the sequence and style of presentation have really succeeded. Some of the chapters are rather a rag-bag; there are copious accounts of what Ricci "would" and "could" have seen and thought. I was glad to have read Cronin first, in order to know the story, and I am not convinced that the memory-signs and four pictures can bear the weight of personal significance which Spence's fancy gives them. The result, however, is a canvas with some splendid brush-strokes, and in its own way it is as memorable as one of Ricci's "palaces." Read Cronin first: then Spence. Travel and adventure, business and religion, sex and humanity: between them, they have almost everything, and I have been intrigued by their combined effect.

**Robin Lane Fox**

# Highlight on the publishers

THE BOOK BOOK by Anthony Blond. Jonathan Cape £9.95. 226 pages.

I HAVE a book in my office called the Book Book. It is the book in which I write down the names of all the books I send out for review. By the time the books entered there are put into jiffy-bags and dispatched to the various reviewers they have been through a formidable Darwinian process of survival. At my end, the books page end, they have been selected from other books submitted for review, but which will not in fact be reviewed; and at the earlier end, the publishing-house end, they will have been selected from other manuscripts submitted for publication which will not in fact get published. In between they will have been bid for, haggled over (auctioned to the highest bidder in some exceptional cases) contracted to be published, tinkered about with editorially, in some instances drastically altered and re-written.

Anthony Blond has seen this process happen many times, mainly as a publisher but also on at least one occasion as the author of a novel, *Family Business*. This makes him well qualified to initiate the novice-author and the curious outsider, to whom *The Book Book* appears to be addressed, into all the hidden professional forces operating to produce the finished book. In his first chapter he deals with authors and describes the genesis of Simon Raven's *Alms and Oblivion* series, for so many years the mainstay of the Anthony Blond general list. Apparently the first volume was commissioned by Mr Blond on the recommendation of Hugh (now Lord) Thomas, and the author was paid a small weekly salary on condition that he live more than 100 miles from London. It was an investment that paid off handsomely and showed astute foresight on the part of the publisher.

Most successful authors nowadays employ a literary agent to handle the business side. Mr Blond knows them all and he devotes the whole of his next chapter to them. "From the publisher's point of view," he writes, "an agent can be a great asset, as sifter, sorter and source." But he also thinks they earn their keep from an author's point of view whether the writer be a beginner or an old band. The novelist in Mr Blond takes over when he is dealing with agents and he makes them seem like characters out of the novels they are trying to place. He induced them to talk for once about themselves. We learn how one highly successful agent, the American Ed Victor who operates from London, served his apprenticeship at Weidenfeld and Cape before becoming an agent, after a brief foray into newspaper publishing. The skills, the temperament needed to be a good agent are not dissimilar from those required to rise to the top in publishing: cases of the poacher turning gamekeeper, as it were, and vice versa are not infrequent.

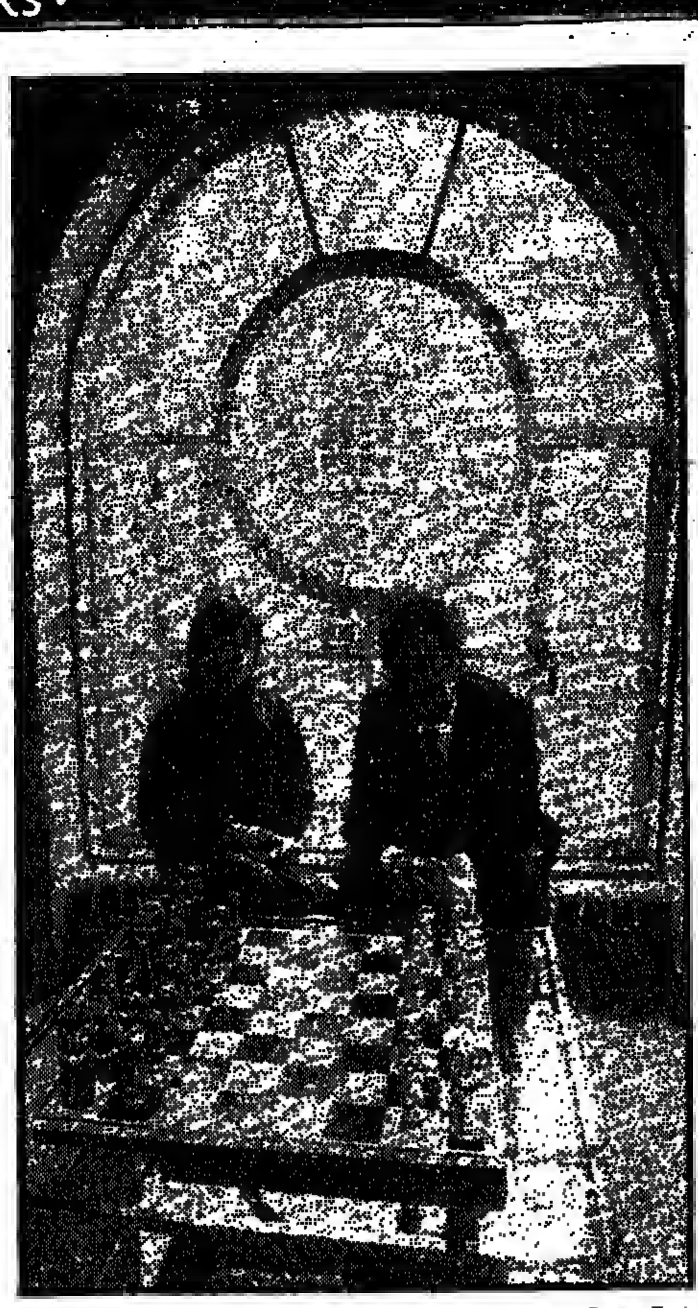
Mr Blond highlights some of the more eminent members of his own profession in a series of quick takes, like flash-bulbs popping, which is rather the style of the whole book. One is the Rev Robin Denniston, academic and general publisher to the Oxford University Press, who in an earlier incarnation at Hodders, before taking holy orders, lured Le Carré away from Heinemann. He has produced a dramatic change in the fortunes of his august Oxford imprint and is contrasted with Anthony Cheetham who published *The Thorn Birds* when he was at Futura, and then recently published the illustrated *Lark Rise to Candleford* for his own new concern, Century. The proceeds laid the foundation of his recent takeover of Hutchinson. The wind of change is blowing so rapidly through the London publishing houses these days that this fact post-dates Mr Blond's book which already needs revision though it was only finished in August. But to anyone using it for advice, on which agent or which publisher to approach with a first novel, it should prove helpful. There are lists of names appended at the end of the relevant chapters with hints on what a particular company or individual may be looking for.

Nor does Mr Blond neglect the technical side of book production. He gives us a history of printing from Caxton onwards in a couple of pages, and he shows himself to be as much fascinated by the foibles of the printers as he is by those of authors.

The modern comp(ositor) wears an M and S cashmere wooly and has clean fingernails [Mr Blond tells us]; his grandad was inky-fingered in an overall and being a Methodist lay preacher on the side refused to type words like f——.

Bookshops, book fairs and book prizes are other aspects of the business into which Mr Blond's candid camera probes long enough for a few telling snap-shots, and even literary editors come under his momentary scrutiny. A. N. Wilson, one of several recent literary editors of the Spectator, denied that reviewing had any effect at all. Terence Kilmartin, of the Observer, confessed to planting the idea of choosing Nadezhda Mandelstam's *Hope Against Hope* as the Book of the Year in several of his contributors' minds because he thought it was "one of the greatest books in the world." I learnt from this section that I have a brother who works for Weidenfeld (which is true) and that I cannot "be fixed." Good.

**Anthony Curtis**



Roger Taylor

**No new moves: Laura and Anthony Blond, whose book on the publishing business is reviewed here, behind the chessboard in their London dockland home**

Fiction

# Peasants storm into paradise

THE WAR OF THE END OF THE WORLD by Mario Vargas Llosa, translated by Helen Lane. Faber £9.95. 568 pages.

THE BURNING LAKE by Jon Thurley. Bodley Head £8.95. 285 pages.

CRUSOE'S DAUGHTER by Jane Gardam. Hamish Hamilton £8.95. 224 pages.

HARD MONEY by Michael M. Thomas. Hutchinson £9.95. 475 pages.

NINETEENTH CENTURY Brazil. On the road from Quijingue, a young woman dragging a wooden cross has shaved off all her hair to avoid being raped for a fifth time. Five hundred pages further on, the head of a rebel leader is mounted on a stake without eyes or tongue as a warning to all. What happens in between is an apocalyptic distillation of sex, violence, power politics, lust, intrigue and unnatural vice, the whole thing heavily scored with strong Old Testament overtones.

The war in Mario Vargas Llosa's *The War of the End of the World* is inspired by the Counsellor — a Christ-like figure, drawn from a real incident in Brazilian history — who walks the backlands rallying the dispossessed of the earth to a paradise of sorts on the rebellious estates of a robber baron. He numbers among his followers an illegitimate shoemaker's son, a slave who cut his mistress to pieces, a whole gallery of human castaways, all of them militant in their distaste for the newly created Brazilian republic — the Antichrist.

A Biblical epic, of a kind, firmly rooted in the "let my people go" school of historical writing. Like the Bible, *The War of the End of the World* is not a book to relax with. It is difficult to get into, turgid in places, short of dialogue, even shorter of laughs. It is also very powerful. The author paints a vivid picture, one that will make you reach for the sunglasses before you are through.

More Biblical allusions, albeit less overt, in Jon Thurley's quietly understated first novel *The Burning Lake*. Brothers David and Jonathan enjoy a love-hate relationship in India during the final years of the Raj. They survive the traumas of independence and public school together and proceed to Cambridge, where they are smitten by the beautiful Rachel. Material success for both is followed in early middle age by disillusionment. Jonathan commits suicide—or is murdered, for reasons deliberately left vague. David abandons wife and daughter and sets off for foreign parts to take up where he left off with Rachel, whose involvement in Jonathan's death also remains something of a mystery.

It is this unexplained element which makes *The Burning Lake* a curious novel, cryptic in parts yet concerned mostly with the straightforward problems of male menopause. The author is at his best—reminiscent of Howard Spring—in his evocation of an idyllic childhood lost beyond recall. Elsewhere, he comes across as a trifle melancholy—more so, one suspects, than he actually intended to be.

For a writer who has won a fistful of literary prizes, Jane Gardam has managed to remain comparatively obscure over the years—perhaps because she is not as noisy as some of her less talented contemporaries. Nor, unfortunately, is she on top form in *Crusoe's Daughter*, the life history of Polly Flint, an introspective orphan brought up by two aunts to a life of unimaginable dullness, so dull that not even two world wars can bring any excitement into her spinsterish existence.

Polly identifies with Robinson Crusoe, a person divinely apart, someone not as other people. There is a Man Friday in her life for a while, but nothing comes of it. She takes to school-teaching instead, in a bloodless narrative which dwells at disproportionate length on certain episodes in her career and dismisses other decades in a matter of paragraphs. The narrative loses its rhythm half-way through, probably because—on this showing at least—the author's natural length is the short story.

Michael Thomas's third novel *Hard Money* (not to be confused with his first, *Green Monday*, although the set-up is much the same in both) is a hard-hitting, high-rolling, mega-buck-chasing, all-American big business thriller of the type increasingly written by computers these days, and by computers unversed in the beauties of Latin.

The scam this time is that HH Monstrance — call him Citizen Kane, Hughes, Getty, JR: the author borrows freely from all of these — once owned a TV network (*pace* CBS) and used it to boost the career of a little known radio presenter turned U.S. president (*pace* we all know who). The president gets above himself, Monstrance comes out of retirement and mounts an elaborate financial operation to regain control of the network. His plan is to sabotage the president's re-election prospects by destroying him on camera, just as carefully as once he built him up.

That is the plan. The author is a little hazy about the execution. He ignores Hemingway's advice to Dietrich — "never confuse activity with action" — and pads the book with a great deal of irrelevant nonsense designed to show off his knowledge of the finer things in life and conceal the fundamental absence of bedrock in his plot. There is nothing in this book but quicksand — and the author knows it.

**Nicholas Best**

# Backbencher comes forward

WESTMINSTER BLUES: MINOR CHORDS by Julian Critchley. Elm Tree Books, £7.95. 134 pages.

THE DRAWING on the cover of this book could well be taken for Kingsley Amis rather than Julian Critchley. There is a good deal of Amis in the writing, too, though perhaps more of Simon Raven, and at least one allusion to Anthony Powell. Critchley could have been a character in any of their novels. There is a touch in him, he seems to be hinting, of Lucky Jim, James Prior and Widmerpool. The trouble is that he has ended up as a disenchanted back bench Tory MP.

Some of the writing is very good. Most people will read the book for pleasure rather than instruction. Indeed the author prides himself on his style. When he wrote an anonymous article in the *Observer* attacking Mrs Thatcher, he was pleased to find that one of the signs that gave him away was that it was "so well written." That was spotted by Jock Bruce Gardyne, then a Thatcherite MP, now in the Lords, and a fellow journalist, though it is interesting to be told that one of the suspected authors was John Selwyn Gummer.

There are some excellent stories, many of them about Michael Heseltine who used to be Critchley's best friend. The present Defence Secretary apparently made his name at the Oxford Union by turning the cellars into a profitable night club "with the generous help of Lady Docker." Heseltine used to write down the outline of his future career on the back of an envelope: Downing Street in the 1990s was the aim.

The style and the stories apart, however, it is very hard not to notice that the tone of the book is exceedingly bitter. Critchley is honest enough about it: he thinks that he ought to have been a junior minister, preferably at defence, and certainly he would have been no worse than some. But one can see why Mrs Thatcher did not appoint him.

His comments on the Prime Minister are both snobbish and sexist throughout. At one stage he observes her "doing her Penelope Keith bit"; at another he says that many would forgive her if she had a sense of humour. One wonders if those two criticisms are compatible. When he writes of a particular Tory dining club that it "attracts a better class of person," one wonders again whether he has left his irony behind him.

Critchley's problem is that he rumbled the Tory Party very early on. It is not nearly as nice as it tries to look. But it can be quite ruthless: for example, in keeping him out of office. In a bitter sort of way, he seems to enjoy it.

Incidentally, the Holy Roman Emperor who spoke French to his wife, Italian to his mistress, German to his horse, was Charles V not Henri V as quoted here. Anyone who claims that Lord Gladwyn served the British Embassy with "such distinction" has overlooked the fact that he did not foresee the return of de Gaulle.

Apparently we once described Critchley as "the most articulate of the Tory 'Wets'." In our political coverage we have always been generous to a fault. This is a most enjoyable book.

**Malcolm Rutherford**



# To clean or not to clean?

THE RAVISHED IMAGE by Sarah Walden. Weidenfeld and Nicolson £12.95. 242 pages.

HERE is a rallying cry to the children and grandchildren of those who fought the good fight in the 1940s and 1950s against those new, scientific restorers of the old masters bent upon ruining masterpiece after masterpiece. *The Ravished Image* will no doubt also serve on the other hand to consolidate the intent of those in the conservation studios in the numerous museums (mainly in Britain and America), standing shoulder to shoulder in defence of enlightenment in their profession against the cohorts of darkness.

The battles fought so bitterly, in the press and in the learned journals, in the years following the post-war exhibitions of cleaned pictures in the National Gallery in London, and in Florence, are part of history. They have flared again since, from time to time, but there have been no sustained public campaigns. Mrs Walden clearly feels that a dangerous apathy sets in, and will have none of it. A professional restorer herself, Courtauld and Rome trained, with a husband formerly in the Foreign Service, she has taken, very properly, advantage of residences in Moscow, Paris and the States to consult with and apparently to work with restoration staff in the Hermitage, the Louvre, and in the States as well. In this book, she never delivers a full frontal attack specifically on the National Gallery in London or the Metropolitan (as it used to be) in New York or the National in Washington. But she clearly has London in mind, and approves very warmly that Washington following the dispute over the cleaning of Rembrandt's *Landscape with a Mill*, should suspend all cleaning for a period.

Sarah Walden writes soundly of the ageing and decay of pictures by time, neglect, natural causes — though there is nothing new in her attack on havoc wrought by restorers will be familiar to all restorers of any reputation. They are all fully aware that no one can, by cleaning, restore a painting to its pristine condition, because that condition no longer exists to be revealed by cleaning. They are all aware of the many forms in which artists used those vulnerable glazes, and aware that, in restoration, you must never add anything that the next generation cannot safely take away.

It is entirely just and proper Mrs Walden should signal her alarm. As with democracy, the price of preservation is eternal vigilance. I am far less certain about the mode of her attack. Her subtitle for example—"How To Ruin Masterpieces by Restoration" — is unworthy. The implication throughout is that the staff in conservation departments in those museums of which she disapproves are persons, mere technicians, ignorant of art history, insensitive to aesthetic quality, blinded by science and dogma, and ruthlessly irresponsible. This does not make sense — overwhelmingly they are not, though their reaction to Mrs Walden may be vulgarly to go teach her grandmother to suck eggs. She has though consorted with the staff in Moscow, in Paris, and apparently some places in the States —but not apparently, with for example the London National Gallery. If she has tried to talk with them, and been rebuffed, she should say so. As it is, we seem back where we were in 1946, with two schools of thought liable to assail each other with unprovable accusations. Better they got together.

**David Piper**

# Australian whopper

ILLYWHACKER by Peter Carey. Faber & Faber £9.95, 600 pages.

PETER CAREY is the young Australian writer whose collection of fantastical stories, *The Fat Man in History*, reaped ecstatic reviews a few years ago. His first novel, *Bliss*, which had a semi-allegorical setting, got a more mixed reception. Now he has gone for the big one—here is nothing less than the story of Australia in this century, seen through the eyes of a professional conman. This time his talent is firmly rooted in his native soil—Melbourne, Sydney, and the countryside around.

Herbert Badgery, the narrator, is a trickster through and through—an illywhacker. The book follows him from his birth in 1885 up to the present moment—he claims to be 139 but that's probably an exaggeration. He first comes to our attention as a rather unsuccessful pioneer aviator crash-landing a picnic; by the end of the book, three generations later, he is nothing less

Carey takes a severe view of Australia: clearly he thinks it has sold itself for a mess of pottage, first to the British, then the Americans, and now perhaps to the Japanese. In this sense his national epic is a sorry tale. However the book is no depressed harangue but a great swag-bag of stories, which come singing off the page. The scale and exuberance of narrative such as this has more or less vanished from English fiction—more's the pity.

Because a number of unexpected things happen (mostly involving a Chinaman and a goanna, serving as a sort of indigenous dragon), the book

reside, but this seems unnecessary—it belongs to an older tradition, that of the towering tall story.

If ever a novel had an unsummarisable plot, it's this one. The best way of approaching it is, Herbert Badgery advises, "not to waste time with your red pen, to try to pull apart the strands of lies and truth, but to relax and enjoy the show." That at least is the truth. *Illywhacker* is a *tour de force*, both funny and moving, the work of an original at full stretch.

**David Sexton**

# Carver's cruel universe

FIRES by Raymond Carver. Collins Harvill £8.95. 204 pages.

THE SHORT stories of Raymond Carver are not well known in England. In America, mostly via the pages of the New Yorker and other magazines, they have brought him coast to coast recognition as the John Cheever of the seedy side of America. Before becoming a successful writer he survived, but only just . . . "sawmill jobs, janitor jobs, delivery man jobs, service-station jobs, stock-room boy jobs . . ." finally becoming an alcoholic. But now, dried out and respectable, he lives with the poet Tess Gallagher, in Syracuse and also has a house on the West Coast.

All this is relevant. For Raymond Carver, surprisingly for someone of his background, is not a natural or instinctive writer. He wanted to write and he went to college, found an obsessive teacher called John Gardner and learned how to do it. Re-writing is a major part of his act of creation. The section of essays in *Fires* deals with the facts of his life. The first is his father's story, although its depressing list of broken love, failed jobs and alcoholism could easily be one of his own stories. Or, indeed, his own early life. Another essay describes the influences on his writing and mainly centres on the vampire domination of his two young children when he was ferociously parenting." A third celebrates the teaching of John Gardner. "He helped show me how to say what I wanted and to use the minimum number of words to do so." Elsewhere he quotes approvingly V. S. Pritchett's description of the short story as "something glimpsed from the corner of the eye, in passing."

A second larger section contains poetry. In a recent interview,

Coast home. The poetry, like his prose, is spare, vivid and ambiguous. Vintage Carver does not deal in the understood. He produces an image or situation which he has seen in some new light and allows the reader to draw his own conclusions. The most straightforward are about marriage.

"My wife is in the other half of this mobile home
Making a case against me.
I can hear her pen, scratch, scratch."

The seven stories which follow carry a weight of pessimism lightened by irony and a kind of gloomy humour. There is a particular Carver style of starting a story with a short dramatic sentence. "I've seen some things." "Gerald Weber didn't have any words left in him." "Everything has changed since Harry's death." "It's a lie!" my wife said. In one way its the old journalistic trick of hooking the reader's attention by starting in the middle. On the other hand it reflects the tone of Carver's voice. Life is arbitrary, inexplicable: cut it any way and you'll come up with a piece of tragic drama. *Fires* is in many ways merely an introduction to Carver's work. Those who want a deeper taste of what's called, inappropriately, ordinary America should buy Picador's paperback collection of 21 stories at £3.50.

Varicose veins, battered trucks, cream sodas, popsicles, mean children/wives/husbands, TV, snoring, assaulting, dying—Carver's is an ugly world. Even in the clean wilderness there are molesting youths or molested girls. Only the cutting edge of Carver's pen stops such a vision from becoming unbearable. It will be interesting to see how he approaches the longer work which he is now writing.

**Rachel Billington**

ONE of the earliest and most effective novels exposing the evils of Italian fascism Ignazio Silone's *Fontamara* (Dent £8.95), has just been reissued in a new translation by Eric Mosbacher with an introduction by Michael Foot. Mr Foot explains how Silone, an exile in Switzerland in the 1930s, was

Theatre

# A camp comedy moves with the times

LIKE ITS hero, *Entertaining Mr Sloane* is just over 20 years old. Unlike many scandals, both the play and its protagonist reach their majority with impact undiminished. Greg Hersov's new production for Manchester's Royal Exchange proves Sloane a child as much of the 1980s, as he was of the 1960s, when a generation of newly-liberated, provincial/suburban youth observed its background with wryly-attenuated camp.

An inkling comes almost at once when Kath—Sylvia Syms, still in bloom despite gallant attempts to look blowzy and shapeless — apologies for her curtains ("the sunset ones are more of a *chintz*"). The mock gentility is laid on with a trowel. Remarks like "The air round Twickenham was like wine" are thrown away unnoticed—it can sound like one of the funniest lines ever written — but Joe Orton's comedy emerges as hilarious on another level: that of the good, jokey, TV script. Mr Sloane has moved with the times. His humour would be *perfectly* in place with the Comic Strip, or any other new wave farce of zany abrasiveness.

Some has dated. Feelers like "Do you wear ... leather?" seemed outré once, coy and obvious now that most sorts of love dare not only to speak their name, but to run recruiting drives in municipal respectability.

The father's "In the old days I'd knock up the vicar at all hours" is no more than music-hall double-entendre; but lines like Kath's "Until I was 15 I *was more familiar with Africa than my own body*" is vintage Orton: that matchless mixture of genteel euphemism, misapplied cliché, and ginger suggestiveness.

The news of Michael Williams's resignation broke on the first night. The company's executive director has left in protest against the continued strain of making financial ends meet following the Exchange's celebrated flare-up with the Arts Council.

There is still a residue of bitterness at what is seen as the Arts Council's betrayal of its originally stated policy to treat the Royal Exchange as the unofficial National Theatre of the North. Combined with the subsequent economic stringency, much of Williams's work has turned into joyless drudgery.

A shaken company had to face a new pressure. The sprinkling of punks in the audience, leather-gear and spiky coiffures much in evidence, were warned that cameras would be confiscated, following the distraction of flash-bulbs during previews.

*All* is explained by the appearance of the erstwhile Stuart Goddard, better known as Adam Ant, star of four No. 1 hit singles since 1980, as Sloane. In his stage debut —he was in Derek Jarman's film *Jubilee* — Mr-er-Ant displays facial beauty and movements that alternate between the tentative and the enthusiastically fluid (too numerous; like many beginners, he fidgets). He excells at Sloane's naive self-satisfaction, but is less convincing either in streetwise pragmatism or sheer physical menace — except towards the end when we glimpse a potentially vicious animal, cornered and watchful as he sees the cage door close.

He will be suitable for Mr Herzov's broad style of production when he shades in the emotional ambivalence between cocky cheerfulness (Kath's comment that "he is remarkably devoid of a sense of fun" is simply not true of this Sloane) and snarling vehemence. He *should* check his tendency to squeak when a shout is called for; and be quicker in physical *reactions* — he should recoil when the old man grabs him, suspicious of a possible murderer.

Sylvia Syms almost hurls herself over the top in very funny caricature; but not quite. Apart from John Southworth's scrupulously unexaggerated old father, she offers the most consistent playing on stage. Sloane's bargaining for his freedom with the secretly lusting Ed falls flat between the two stocks of Mr Ant's inexperience and a bizarrely rococo performance from James Maxwell—an intelligent American actor now so imbued with the patrician English manner that he recalls those impeccably-bred British actors trying to sound "prole" in old films. Hearing the immaculately Oxford-accented Mr Maxwell enunciate "Get out afore I kicks you out," or accuse his sister of "bein' rude, ruinin' my little matey," is to touch delirious highs of camp which Mr Sloane's creator would have relished.

**Martin Hoyle**

Sylvia Syms and Adam Ant in "Entertaining Mr Sloane"

Huguenots

# Gallic taste blends with English opportunism

Oxtail soup, forceps deliveries and the Stock Exchange *Ordinary List* have one thing in common; we owe them all to the ingenuity, business acumen and thriftiness of Huguenot settlers in England. *The Quiet Conquest* opened this week at the Museum of London in the Barbican; until October 31 its achievement is to transform a dull, half-forgotten episode in our school text-books into a *fascinating lesson in the social* and economic benefits of national hospitality. For 300 years many people have felt a quiet pride in their Huguenot ancestry, but this year they must come out of the closet.

Nearly a quarter of a million *French citizens fled* abroad in the years round 1685 when Louis XIV revoked the "perpetual" Edict which had granted religious freedom to French Calvinists. The strange name Huguenot is apparently a garbled form of "eigenot," Swiss-German for "confederate," meaning the citizens of Calvin's Geneva.

In the 1680s a fateful new word appeared, "refugees," to describe those who risked punishment by escaping abroad. Of the 700,000 who stayed, many abjured, but the lives of those who continued in their faith is poignantly evoked by prints and simple objects; a portable pulpit, a French bible once baked into a loaf of bread, a priest's cap hidden in a milk-churn.

"*Holland* took in the most Huguenots, but England was their second-favourite place of refuge. Such was their reputation for the Calvinist virtues of hard work, sobriety and piety, that they were welcomed by forerunners of government incentive grants.

However, many Huguenots were not the destitute weavers we were told about at school. There were plenty who were prosperous merchants who escaped with their capital, which they promptly invested in *growth* areas of the economy such as textiles, papermaking and banking. Nor were all the English so hospitable, since complaints were made about the immigrants' new ideas and willingness to work longer hours for less pay. Fear of "swamping" prompted one pamphleteer to implore measures to be taken against the fecund, clever French or "the City, in time, will probably be called a French colony."

His worries were unfounded, so quickly did the Huguenots assimilate to English life. We see first how they set about organising themselves with churches, schools, charities and a hospital. Indeed, if you discover you are a Huguenot by descent, you may be able to spend your declining years in Kent, sheltered by the French Hospital. But by the 1780s the communities were splitting up, leaving Spitalfields with its poor

Huguenot silver: helmet-shaped ewer

weavers to continue speaking French into the last century.

The exhibition goes on to show the inventions and successes in the arts, sciences and commercial worlds, which took many Huguenots up the *social tree* to merge into the landed gentry. I have just one quibble. Is it right to call this "The Quiet Conquest," since it looks to me more like a Quiet Merger?

Few people have any idea how varied a contribution the Huguenots made to English life. The maximum-minimum thermometer; the principles of life assurance; improved clocks; chromolitho printing; the first ventilation system in the House of Commons; these are just a few of the finds to be made in the exhibition. Every day we touch one Huguenot invention the watermarked banknote, still made by the Portal group whose founder reached England in a wine cask.

Beautiful as well as utilitarian objects are on show; the famous silks, fine furniture, Roubilliac sculpture, jewellery and ceramics. I was particularly struck by a pair of exquisite pistols by Pierre Monglong, inlaid by classical figures among vine-tendrils and birds. Among leading artists of the Huguenots tea-urn from the Eton collection, but more robust is a silver chamberpot.

The excellent catalogue says this would have been used in the dining-room, but I presume that in our more effete age the directors of Hoare's Bank leave it in the safe. (From June 4 to July 12 there will be further Huguenot silverware on view at Goldsmith's Hall.)

Only the oxtail soup you will not find at the Museum of London. Gallic taste and English opportunism blended nicely when London butchers discovered that instead of sending the tail to the tanners, they could sell it to the thrifty immigrants.

**Patricia Morison**

Records

# If music be the food of loss

THE END of a musical marriage can mean the start of a musical rebirth. The classic case is Dory Previn, who came out from under the wing of André to create a sad succession of bed-sitter images of life alone, and then life not so alone.

Now comes Linda Thompson, the ex-wife of Richard Thompson, whose first solo album, *One Clear Moment* (Warners) reveals an unexpected freedom and vivacity. She had previously recorded six albums with Richard in his attempts to marry a folk-rock past with the demands of a middle America. (They sometimes worked.) Her role was to boost, with her vibrant mezzo soprano, his more reedy vocals.

*One Clear Moment* is very West Coast, and none the worse for that. California is just the place for commercially successful single ladies to sort themselves out and produce songs neatly encapsulating their life stories, smoothly packaged by laid-back producers and professional studio musicians. Rather oddly, Linda Thompson has co-written most of the songs here with singer and key boards player Betsy Cook, whose husband, Hugh Murphy, produced. To set the seal on it, Albert Lee, most relaxed and nimble of guitarists, has ensured that this will charm a *million* "yuppies."

And yet the opening song, "Can't stop the girl," is a snatch of feminist optimism in the old Thompson style. Only later do the emotional ballads, reminiscent of Carly Simon, come ululating through. "Telling me lies" will not patch up a marriage; "Just enough to keep me hanging on" would not disgrace Nashville with its sob and throb. Fortunately there is a range on the album—she is up again on "Take me on the subway," a fast and mysterious hint of her Celtic musical past; mordantly soulful on "Lover won't you throw me a line."

Linda Thompson has yet to find her own musical personality. But this batch of songs, while unlikely to please her old fans in folk pubs, will make her reputation in American suburbia. She will appear at Ronnie Scotts — a bizarre but interesting venue — in early June.

On one, here comes Richard Thompson with his solo album: *Across a crowded room* (Polydor) is tougher, more trenchant stuff. The hauntingly atmospheric "When the spell is broken," is a bitter view of a collapsed relationship: with the tougher rock rhythms you expect from a British studio. Thompson has written all the songs, and gathered around him old Fairport mates Simon Nichol and Dave Mattacks.

Vocally, and with his guitar work, Richard Thompson seems to have sharpened up. While Linda has taken to her bosom the safe sound of LA, Richard is going for a more strident, prickly creative confession. "*Love in a faithless Country*" is a cynical, complex cry of pain, with the ambition staying just the *right side* of pretension.

There is boisterous stuff in *Across a crowded room*, but "Little blue number" is just a lively, transient pop song. "She twists the knife again" jangles a few musical nerves. It is good to have two such contrasting albums created to exercise emotions, not to fufil a recording contract.

**Antony Thorncroft**

Radio

# Radio 3 scores on drama

WHEN IT isn't into music, Radio 3 is often's kind of fringe programme. While Radio 4 covers Shaftesbury Avenue, so to speak, the South Bank and the Barbican, Radio 3 gives us the studio productions. On Sunday, for instance, there was Brian Wright's *Gulliver Five*, where Gulliver, committed to a madhouse by his wife, Mary, is involved with a crooked doctor, a crooked lawyer and a crooked naval officer—creatures as outlandish in their way as any in Brobdingnag or Lilliput. Only a stableboy (played very likeably by Mark Straker) upholds Yahoo honour against Gulliver's equine devotion to the Houyhnhnms.

Then on Wednesday we had *Three Attempted Acts*, by a new young writer, Martin Crimp. Three weird little open-ended sketches, integrated by common form and common (but differently distributed) names, lasting rather than performed, and sometimes deceitfully implied. This was nicely done by Alec McCowen and Phyllida Law, with some animal noises by Mark Straker, much less likeable than on Sunday.

Radio 3's *Kaleidoscope* equivalent is Stephen Games's *New Premises*, a capricious Sunday review of the caprices of the art world. Nothing so delicious this week as last week's talk with the feminist artist, Judy Chicago; but we had some of *The Rite of Spring* as a string trio for 18th century instruments, a talk on food as a *subject for painting*, and an imaginary tour around Vermeer's studio as it is depicted in Vienna's Kunsthistorisches Museum. Even in music, Radio 3 gave us an unorthodox but delightful week of Duke Ellington as This Week's Composer.

Then, the Monday Play combined the not-unusual themes of the middle-classes at work and a romance under professional difficulties. But Leigh Jackson's *Radio Waves* gave both *themes* a specially current aspect. The work was the manning of a radio news programme dealing with such customary emergencies as the Middle East war and a labour dispute with an elusive trade union leader; and the romance was not between a young couple, but concerned with the strains on a cracking bond. The author spent six weeks watching radio journalists at work; his play seemed very convincing to me, and exciting, too. Good playing by Jill Baker, as Nicola working through her breakdown, and Anton Lesser as the rather naive young hopeful. I felt that anyone who missed the first 10 out of 90 minutes might have trouble in placing all the characters; but you could say the same about *The Seagull*.

On Tuesday, Princess Alexandra distributed the Radio Times Drama Awards (and showed herself a true radio fan). These awards are now to be given every alternate year. £5,000 going to the winners of the television and radio sections. This year's television award went to Pete Ward, and the radio award was divided between David Ashton and N. J. Warburton.

**B. A. Young**

# Covent Garden plans for the 1985-86 season

NEXT SEASON'S operatic plans at the Royal Opera House confirm recent trends: new productions in conjunction with other houses, a scarcity of Wagner, and three French operas with not a French singer between them.

Stockhausen's *Donnerstag aus Licht* receives its British premiere on September 16, marking the operatic debut of the producer Michael Bogdanov, Associate Director of the National Theatre. The double-bill of Alexander Zemlinsky's *A Florentine Tragedy* and *The Birthday of the Infanta*, a success at Edinburgh, will be seen in October in English versions conducted by Sir Colin Davis.

The season's sole Wagner work, *Der Fliegende Holländer*, will introduce the American bass-baritone Simon Estes to London in March. Britten's *A Midsummer Night's Dream* will be imported from the Aldeburgh Festival; and a new *Fidelio* will mark Sir Colin's last assignment as outgoing Musical Director.

A notable innovation will be the presentation of opera in concert performance: Rossini's *Semiramide* will receive three performances in April, with June Anderson making her house début in the title-role, supported by Marilyn Horne, Samuel Ramey and Gwynne Howell. Rossini is well represented: *Il Barbiere di Siviglia* has been chosen in the experiment following the Priestley Report's suggestion that fewer operas should be given more performances. In a season when the Royal Opera has received an increase in its grant of 1.9 per cent, with arts inflation running at 9 per cent, careful housekeeping is more important than ever.

# CHESS

PAUL MORPHY (1837-1884) was known as the pride and sorrow of chess: the pride because of his brilliant style which made him at 20, the best in the world in a brief career of two years; the sorrow because, like Bobby Fischer a century later, he abandoned the game early and became a solitary recluse.

His personality has immediate fascination for biographers. It also inspired a novel. The shy genius defeated his rivals with such ease and calm that it is difficult to gauge how he would have fared under pressure from an equal opponent. His greatest strength was that he was ahead of his time, understanding better than his contemporaries the importance of rapid development, co-ordination of pieces, superior striking force on an open board. Opponents often either attacked without support from a sound development or played manoeuvre chess with wasted and irrelevant moves which slowed down their plans.

The young American's most celebrated victory, played during the interval of a Paris opera against two consulting dignitaries, remains a classical lesson in fast development.

White: P. Morphy. Black: Duke of Brunswick and Count Isouard.

Philidor Defence (Paris 1858).

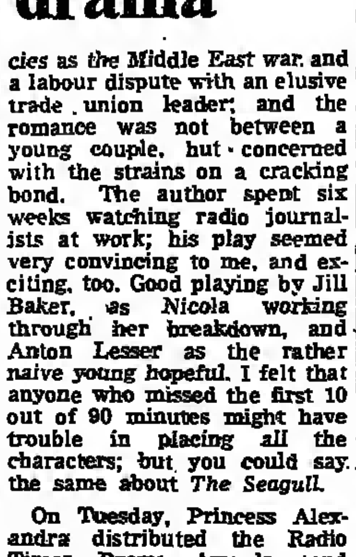
1 P-K4, P-K4; 2 N-KB3, P-Q3; 3 P-Q4, B-N5? 4 PxP, BxN; 5 QxB, PxP; 6 B-QB4, N-KB3? 7 Q-QN3! Q-K2; 8 N-B3, P-B3; 9 B-KN5, P-N4? 10 NxP! PxN; 11 BxNP ch, QN-Q2; 12 O-O-O, R-Q1; 13 RxN! RxR; 14 R-Q1, Q-K3; 15 BxR ch, NxB; 16 Q-N8 ch! NxQ; 17 R-Q8 mate.

How would Morphy have performed against champions of later generations? Knowledge of opening play around 1860 was superficial, so a reincarnated Morphy would need a crash course in modern theory to have the slightest chance against present-day masters. But he had a proven ability to absorb information quickly, and a retentive memory; during his law studies he could recite verbatim most of the Civil Code of Louisiana. One of his wins over Anderssen came through a prepared variation of the Ruy Lopez.

Morphy's match successes by 8-3 over Anderssen and 5½-2½ against Harrwitz were his most impressive achievements. Retrograding (comparison of present results with past tournaments) is an unreliable technique when applied to Morphy; but his games from these matches have the same rare blend of strategic and tactical control displayed by Alakhine and Fischer at their peak.

If Karpov or Kasparov offered pawn and move start to anyone in the world, the Russian Chess Federation would be deluged with applications: Morphy made such a challenge as his last act before quitting serious chess; there were no takers.

L. Pachman v. K. Bischoff, West Germany 1985. White (to move) has a definite advan-



tage with active rooks, more space, and the pair of bishops. Now he has to decide the best plan. Should he continue (a) 1 K-B1 to centralise the king (b) 1 R-B3 to double rooks (c) 1 R-K1 to exchange rooks (d) 1 P-N5 to imprison the knight or (e) 1 B-B3 to stop R-K7 and prepare P-KN4? Grandmaster Pachman failed to solve the puzzle.

**Leonard Barden**

Chess Solution, Page XVIII

Saleroom

# Laura Knight leads field

ONE ENCOURAGING development of recent years has been the growing appreciation of British painters of the late 19th and early 20th centuries. On Wednesday, a sale at Sotheby's confirmed that financial appreciation was marching hand in hand with critical acclaim—the auction totalled more than £1.4m — with seven artists achieving record prices and virtually every painting and sculpture finding a buyer.

It was not so much the across-the-board demand that pleased Sotheby's but the fact that prices were in line with, or above, estimates that had been raised in expectation of a good sale. This is not only a strong market, but now a predictable and well based one.

There were surprises, though. The top price of £66,000 was paid by a London dealer, the Pym Gallery, for "Wind and Sun" by Dame Laura Knight. It was a record for the artist and way above Sotheby's top estimate of £20,000, mainly because it is a pretty picture —it shows two girls sunbathing on the top of cliffs.

Its attractiveness was boosted by its historical interest. It was painted in 1911 when Laura Knight and her husband, Harold, were staying in Cornwall and working alongside Munnings. The Newlyn School, of which this might be accepted as a late example, is suddenly in fashion, and an imminent exhibition in London should confirm its status. Harold Knight established a more modest record of £16,500, also far in excess of the £4,000 top forecast, at Sotheby's sale.

These prices are not single spies. At the last sale held by Christie's in this sector works by two Newlyn artists, F. W. Bourdillon and Sir William Llewelyn, made £40,000 and £24,000 respectively.

Llewelyn's painting "The Goose Girl" is a decorative example of the peasant naturalism that gripped artists of the late 19th century, prodded by French examples. Perhaps the leading artist of this school is Sir George Clausen, and a typical scene, "Planting a tree," sold at Sotheby's for £37,400, a good price.

An appealing work by Clausen, "Schoolgirls, Haverstock Hill," went to the London dealer Baskett and Day for £43,900. The price was at the lower end of the estimate band; but the picture has been subject to some repair, and the scene of smart young ladies confronting the spectator with sombre expressions is not typical of the artist. Even so, Clausen has definitely "arrived": in 1976, Sotheby's sold a major work, "Day Dreams," for just £3,800.

Everywhere you dip into the history of British art over the past century, you find keen buyers. Bloomsbury holds its own, with a portrait by Vanessa Bell of her sister, Virginia Woolf, in a deckchair selling well at £19,800: Virginia was a reluctant model and only one other portrait of her by Vanessa is known. But a portrait of Vanessa Bell painted by her lover, Duncan Grant, in 1915 was just below target at £4,950.

The revival of interest in Mark Gertler continues apace with a still life, "The Red Jug," selling for £19,800 as against a top estimate of £8,000. The same sum secured "White anemones" by Sir William Nicholson and established an auction record for this artist. He is perhaps better known now as the father of Ben, who was represented in the sale by a modest pencil sketch of St Ives which found a buyer at £2,750.

Coming up to date, one of Elisabeth Frink's "Head with goggles" bronzes was just above estimate at £6,050 while a 1977 Lynn Chadwick bronze, "Three watchers," did well at £4,620. Among the other record prices were £26,400 for "The Japanese lantern" by the New Zealander, Frances Hodgkins; and £30,800 for "Faience" by the Irish painter, Roderic O'Conor. And the best thing about this revival of interest in modern British art is that the majority of the paintings sold on Wednesday will remain in this country.

**Antony Thorncroft**




# FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Ltd, Bracken House, 10 Cannon Street, London EC4P 4BY. Telex: 8954871. Telex (Advertising) 885033. Telegrams: Finantimo, London. Telephone: 01-248 8000. Frankfurt Office: The Financial Times (Europe) Ltd, Guiollettstrasse 54, D-6000 Frankfurt-am-Main 1, West Germany. Telex: 416193. Telephone: 7598-0. Editorial: Frankenallee 68-72. Telex: 416052. Telephone: 7598-157.

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# WEEKEND FT

## Private View

The Young Ones (from left): Rick (Rik Mayall), Mike (Christopher Ryan), Neil (Nigel Planer) and Vivian (Adrian Edmondson)

# The lure of surreal squalor

NEARLY FIVE million people are staying in on Monday evenings to watch Rick, Vivian, Neil and Mike talk about "botty-belches" and call each other "complete hasiards." *The Young Ones* is being repeated on BBC2 (not Channel Four, as you might expect) and, barring freak snooker finals, is getting the highest rating of any programme on an outlet more usually renowned for documentaries, wild life films and efforts of a more sober nature.

A comedy show about an unpleasant group of students living in surreal squalor obviously is likely to appeal to students, but its attraction has been much greater than a college "cult show." This must partly be because "the Kids," as Rick would refer to them, cannot quite believe that anyone actually has been permitted to break wind on BBC2, and anxiously switch on to see what else gets through. Yet, more and more older young ones seems to be enjoying the series this time round, and a staggering 800,000 people forked out for a copy of the spin-off book.

With this sort of success, the show is almost heading into the mainstream. Not quite, though. There are still plenty of people who are delighted that no more episodes of *The Young Ones* are to be made.

They never found reference to Felicity Kendal's knickers acceptable; nor did they find remotely funny the idea, say, of an animated sock escaping from a foetid laundry bag and having to be executed.

I always did, and I think that the decision of the BBC to put on the series was an enlightened move rather than the end of civilisation as we know it. Critics of the programme, like most critics of humour, made much use of adjectives like "juvenile" and "puerile" and "childish." It is all of these things, of course, but how exactly does "adult" humour work? If so much humour is to be dismissed as fourth form, or fifth form, or sixth form, or undergraduate, then we are to be left only with some sort of mature humour. I have visions of old men in leather chairs smiling wryly at Victorian editions of Punch.

It is not, however, only the outrage—the feeling of watching a comedy video nasty—that is so entertaining about *The Young Ones*. That does not really do justice to the fact that, although it is a bizarre situation comedy, it works through the strength of the characters. The plots include unexploded nuclear devices appearing in the kitchen, devils dropping in from Hell for the day, or the students appearing on *University Challenge*; odd interludes feature vegetables talking, washing machines refusing to wash laundry, or giant cream buns descending. But the main interest and the compelling comedy lie in how the students react both to these things and to each other.

With the posible exception of the "smoothie" character, Mike, The Young Ones characterisation is superb. The average sitcom might have come up with a punk and a hippy but no one would have come up with Rick, the Cliff Richard fan-cum-anarchist-cum-poet-cum-poseur. On closer aquaintance, both the punk and the hippy are so extreme as to be, in fact, completely individual. Sitcom punks usually have green hair and say "Hello, Mum" at the breakfast table whereas Vivian (the punk in The Young Ones) sets fire to mattresses, cuts off his fingers, gets decapitated in a train and then kicks his own head along the tracks.

Neil is not only a peaceful hippy but he is a terminally depressed one. Added to this, he is incompetent and feeble. These two react to the self-obsessed Rick with an absurd yet convincing logic. Neil is a hippy and should therefore do all the work in the house from answering the phone to cooking the supper; he fails to do this and is abused by the others, particularly Rick. Meanwhile, Rick gets carried away with his own voice, talking about Thatcher or fascism or the Kids, and can be distracted only by extreme violence from Vivian.

These characters are, however, anally-fixated and foul-difficult to defend against people who do not appreciate foul-mouthed, anally-fixated comedy. I can plead only that *The Young Ones* is different from other sitcoms. It's funny.

**Ian Hislop**

## Sport

# The nine lives of David Gower

**Has England got too much cricket? It certainly has too many kinds of cricket to make choosing a Test team anything but a captain's nightmare**

CRICKET has always been a bewildering game. Now, when a valued England player such as Mike Gatting, has to play nine versions of it in one English summer, bewilderment increases.

It is equally bewildering for England captain David Gower who must have a team that can bowl out the Australians twice in most of the six Tests if he wants to regain the Ashes. Given a national county cricket championship competition which is unique in the world, it ought not to be too difficult, but the trouble is that most of the other eight versions of the game don't foster the arts and skills and disciplines needed for success at international level.

When limited-overs competitions were inaugurated with just one competition in 1963, a lot of senior county cricketers — reactionaries they were called at the time — expressed bewilderment. One revered county captain is reported to have said: "Oh, yes, and what else do I do? Paint my nose red and wear a comic hat?"

But what a lot of us called "Mickey Mouse cricket" prospered, and now it attracts the big sponsorship and is the area of the game where a determined professional can make a lot of money.

Back to Gower. Look at these nine kinds of cricket. There are the three-day county championship matches, sponsored by Britannic Assurance, the type of cricket which produces international players as do the three-day friendlies, some against the universities, as well as a few four-day matches between the counties and the tourists. Then there are the financially vital limited-overs competitions—the Texaco Trophy, the Benson and Hedges Cup, the John Player Sunday League and NatWest Trophy, plus benefit games.

This is Gower's problem. Winning a Test usually requires plenty of runs with attacking bowlers and attacking fields.

The arm of a master spinner . . . but would India's Sivaramakrishna be able to practice his mysteries of length and flight as a member of an English county side?

*Can* he expect a generation of players who enjoy and take good pickings from the one-day game to provide this?

Gower is also captain of Leicestershire. His task there will include winning one-day matches when it is not necessary to bowl out the other side, but simply to score more runs in the number of overs available. He wants bowlers who can contain batsmen without necessarily getting them out and defensive fields that can save runs without necessarily taking catches.

An example of the different skills is Mike Kendrick, a good bowler, very successful in the limited overs game, but who has never taken five wickets in an innings in his 30 Test matches. But Ian Botham, whose bowling can be expensive in the one-day game, has taken his Test match "five" repeatedly.

The outcome of a one-day match, if supported by good bowling from both teams, is often decided by a major innings from an attacking strokemaker such as Gatting's 143 not out against Sussex this week but this seldom applies in a three-day county match or a Test. Glamorgan recently beat Somerset by ten wickets, in spite of a spectacular Botham century which would have won most limited-overs games. Fast scoring can be a factor in a three-day game—in a limited overs game it is always vital.

But whatever type of cricket, the good batsmen and bowlers will eventually prosper, which means that a player who is an established international doesn't have great trouble in adapting to the different types of game. At the same time there is a temptation for a young up and coming player to direct his skills at the one-day game and the short-term high earnings at the cost of his chances of glory at international level where in the long-term things could be much better.

The great players have mastered all the skills. West Indies fast bowler Joel Garner is feared by batsmen in all kinds of cricket. Derek Underwood, with more Test wickets than any other England spinner, is also about the most effective "brake" bowler in one-day cricket. And Vivian Richards, a hero of the West Indian Test team, must have forgotten how many limited overs games he has won with his batting.

But the age of the new cricket has been hard on young players trying to make the grade. It is responsible for the present shortage of outstanding slow bowlers. If Shivarama Krishna, the scourge of England in India last year, had been brought up in this country, he would probably have finished as a hard-hitting middle-order bat, a brilliant fieldsman and a "negative" seam bowler—certainly not as the most exciting spinner in the world.

It takes a long time for a novice slow bowler to acquire spin, flight and control. Often he needs to give away runs to get his wickets, tolerable in a three-day game, but unacceptable in *one-day cricket when* containing batsmen is vital. He must also convince his county captain that he will be an "economical" seam bowler in a John Player match.

But the technical problems of playing nine kinds of cricket are not the only nightmares for a young player. The different rules and the number of overs allowed are equally confusing. The NatWest is a knockout cup, the Texaco a three-match tournament between England and Australia, the Benson and Hedges is divided into two sections, a zonal "league" and a knockout last nine, and the John Player, being a league, includes both a tie and a no-result.

Certainly, the John Player is a success on television. That is what it was devised for—four hours Sunday afternoon entertainment on BBC 2, cricket with all the subtleties taken out of it, but visual and exciting like Hamlet with all the murders and none of the poetry. And *because* of its 40-over limitation (even less if there's rain) there are farcical results.

Any tournament with the following rule cannot be real cricket: ". . . their target score, which they must exceed to win the match, shall be calculated by multiplying the revised number of overs by the average runs per over scored by the side batting first. If the target score involves a fraction, the final scores cannot be equal and the result cannot be a tie."

No wonder David Gower has a problem.

**Trevor Bailey**

**THE NINE GAMES**

**Test Matches:** Five-day two-innings games.

**County championship.** Three-day matches of two innings, awarding points to a win or a draw and for batting and bowling.

**Three-day friendlies** against the universities.

**Four-day matches:** Between the counties and the tourists.

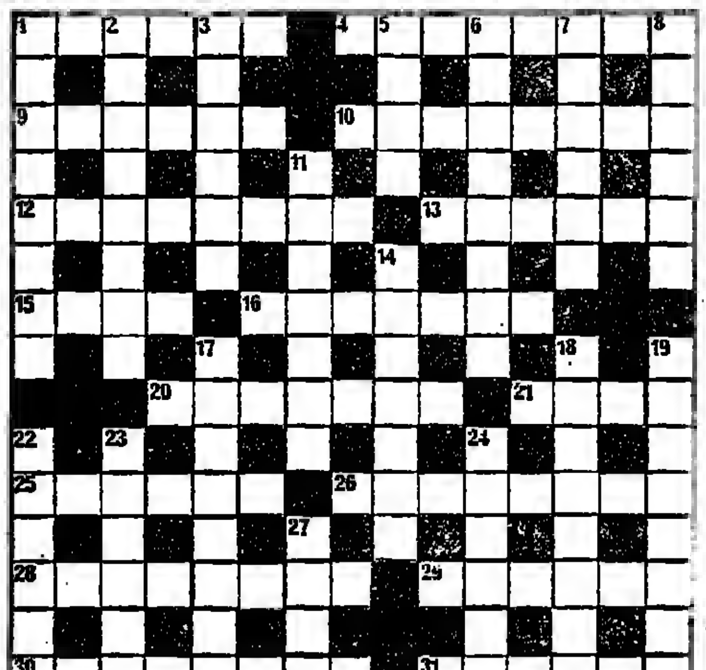
**Texaco Trophy:** One-day internationals—this year England v Australia. 60 overs.

**Benson and Hedges Trophy:** Games of 55 overs played first as a zonal league of four groups containing all the major counties, a Minor Counties XI, the Combined Universities and Scotland. The two best in each group then enter a knockout with final at Lord's.

**NatWest Trophy:** A 60-over knockout between the counties with final at Lord's.

**John Player League:** Sunday matches of 40 overs played between the counties.

**Benefit games:** Played for the benefit fund of a particular county player.



## F.T. CROSSWORD PUZZLE No. 5,721

*Prizes of £10 each for the first five correct solutions opened. Solutions to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.*

Name ..........................................

Address ..........................................

..........................................

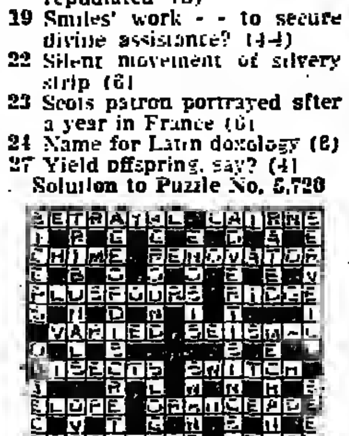
**ACROSS**

1, 21 Poor types - - except at harvest festival? (6, 4)
4 Poor fellow from most of the subcontinent? (8)
9 Poor way? far from it: in Berlin I enter railway (6)
10 Poor breakfast food with a lot of cereal about it? (8)
12 Poor people to return into shelters (4-4)
13 Poor, Poor FT, getting wet easily! (6)
15 "Poor Little Rich - - -" (Coward) (4)
16, 28 Poor writer about obvious Yard's ruse? (7-8)
20 Poor people of the upper class in the press (7)
21 See 1 across
25 Poor true friend at pub on back of river (2, 4)
26 Poor damned idiot entertains lady of variety (5, 3)
28 See 15 across
29 Poor angel's fruit (8)
30 Poor people are in it at the ebb (3, 5)
31 Poor corollary of simple descent? (4, 2)

**DOWN**

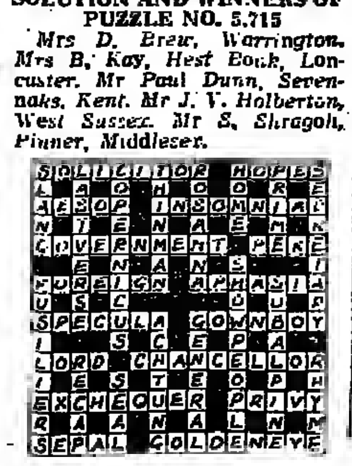
1 Ancient city, one taken from Arthur in prison (8)
2 Chap runs wildly about, which is revealing (8)
3 Settlement of half capital in company (6)
5 Coward beard at Christmas (4)
6 Trouble with toe-nail in Worthing? (8)
7 Fix in ground or mind or tone? (6)
8 Staffs like Bacchus's, awfully shirty (6)
11 Agent, drinking up wine, gets refractory, as they say (7)
14 Refreshments outside Argentina? It makes one cry (4, 3)
17 Spanish city's farewell I can change (8)
18 Outside broadcast had food repudiated (8)
19 Smiles' work - - to secure divine assistance? (4-4)
22 Silent movement of silvery strip (6)
23 Scots patron portrayed after a year in France (6)
24 Name for Latin doxology (6)
27 Yield offspring, say? (4)

Solution to Puzzle No. 5,720



**SOLUTION AND WINNERS OF PUZZLE NO. 5,715**

*Mrs D. Brew, Warrington. Mrs B. Kay, Hest Bank, Lancaster. Mr Paul Dunn, Sevenoaks, Kent. Mr J. V. Holberton, West Sussex. Mr S. Shragoli, Pinner, Middlesex.*



# TELEVISION AND RADIO

## SATURDAY

### BBC 1

† Indicates programme in black and white

8.30 am The Saturday Picture Show. 11.00 Cup Final Grandstand, including 1.00 pm News Headlines. 3.00 Live coverage of the Everton v Manchester United FA Cup Final, Racing from Newbury at 11.50 and 12.25. 1.05 A Question of Sport, and at 3.45 News of the 100th Scottish Cup Final (Dundee Utd. v Celtic).

5.15 The Pink Panther Show. 5.35 News. 5.45 Regional programmes. 5.50 The Keith Harris Show. 6.25 "El Dorado," starring John Wayne and Robert Mitchum. 8.30 The Kenny Everett *Television* Show. 9.00 Dynasty. 9.45 News and Sport. 10.00 Match of the Day. 10.50 Late Late Horror: "Race With The Devil" starring Peter Fonda.

REGIONAL VARIATIONS:

Wales—5.45-5.50 pm Sports News Wales.

Scotland—11.00 am Film: "Zulu" 1.13 pm Hampden Report. 1.20 What Kind of Place is That? 1.35 Hampden Report. 1.40 What Kind of Place is That? 1.55 Hampden Report. 2.00 Celebrity Supersport. 2.40-5.15 Cup Final Sportscene: Dundee United and Celtic contest the 100th Scottish Cup Final. 10.00-10.50 Cup Final Sportscene.

Northern Ireland — 5.45-5.50 pm Northern Ireland News and Sport. 12.15 am Northern Ireland News Headlines.

England—5.45-5.50 pm London—Sport: South-West—Spotlight Sport and News: All other English regions—Sport and Regional News.

### BBC 2

3.10-6.45 pm Saturday Cinema Double Bill: 3.10 "My Favourite Brunette," starring Bob Hope; 4.35 "Alexander The Great," starring Richard Burton. 6.45 The Day the Universe Changed. 7.35 News and Sport. 7.50 Wagner's Ring: Humphrey Burton introduces the third evening of Wagner's four music dramas. 7.53 "Siegfried," the third of Wagner's four operas comprising "The Ring" cycle, with English subtitles and broadcast simultaneously on Radio, Act 1. 9.08 Wagner and The Nazis. 9.20 "Siegfried," Act 2. 10.35 Richard and Cosima, the story of Wagner's second marriage—to Liszt's daughter. 10.47-12.10 am "Siegfried," Act 3.

### LONDON

6.15 am TV-am Breakfast Programme. 9.25 LWT Information. 9.30 No 73. 11.00 The A-Team. 12.00 World of Sport—The FA Cup Final: Everton v Manchester United. 12.00 A Very Warm Welcome. 12.10 pm That Was The (Slue) Week. 12.30 The Managers. 12.35 Wrestling. 12.50 "Wish Me Luck." 1.00 News followed by Australian Pools Check. 1.10 Wembley '85. 2.10 Wrestling. 2.25 On The Ball. 2.45 Abide With Me. 2.50 Here They Come. 3.00 The Match. 3.45 Half-time. 4.40 Final Whistle. 5.15 News. 5.20 Cartoontime. 5.30 Connections. 6.00 The Saturday 6 o'clock Show. 6.50 The Grumbleweeds Radio Show. 7.20 The Price is Right. 8.15 Hunter. 9.15 News. 9.30 Tales of the Unexpected. 10.00 London News Headlines followed by "Play Misty for Me," starring Clint Eastwood. 11.50 Magnum. 12.40 am Bizarre. 1.10 am Night Thoughts.

### CHANNEL 4

1.05 pm Chips' Comic. 1.35 Print It Yourself. †2.00 "Peter Ibbetson" starring Gary Cooper. †3.30 "City Streets" starring Gary Cooper. 5.05 Brookside. 6.00 The Max Headroom Show. 6.30 No Problem! 7.00 News Summary followed by 7 Days. 7.30 *Lakeland Rock*. 8.15 Winston Churchill: The Wilderness Years. 9.15 Terror. 10.15 Hill Street Blues. 11.15 The Late Clive James. †12.00 Naked City. 12.55 am The Paul Hogan Show.

### S4C WALES

1.40 pm Farming on 4. 2.10 A Question of Economics. 2.40 Cwpan Pel-Droed Lloegr. †4.50 Feature Film: "Go West" starring Buster Keaton. 6.05 Where in the World? 6.30 The Avengers. 7.30 Newyddion. 7.45 Sên a Sián. 8.15 Cofio Idwal. 9.05 Canu Penillion. 9.35 Cynhadledd '85. 9.45 The Bright Side. 10.15 Hill Street Blues. †11.10 Feature Film: "Encore."

Clint Eastwood 10 pm London

### REGIONS

IBA Regions as London except at the following times:—

**ANGLIA**

9.25 am Walt Disney Presents . . . Goofy. 5.20 pm Connections. 5.50 Riptide. 11.50 Jazz Special (Charlie Byrd). 12.25 am At the End of the Day.

**BORDER**

9.25 am Walt Disney Presents. 5.20 pm Cartoon. 5.25 Film: "The Disappearance of Flight 412," starring Glen Ford and Bradford Dillman.

**CENTRAL**

9.25 am Walt Disney Presents. 5.20 pm The Saturday Action Film: "Skyway To Death," starring Ross Martin, Stefanie Powers and Joseph Campanella.

**CHANNEL**

9.25 am Walt Disney presents. 11.00 Puffin's Pla(i)ce. 11.10 Tarzan. 11.59 Channel Islands Weather Summary. 5.20 pm Puffin's Pla(i)ce. 5.22 Feature Film: "Nightside."

**GRAMPIAN**

9.25 am Walt Disney presents. 11.00 Cartoon. 11.05 Feature Film: "Maserati and the Brain" starring Daniel Pilon, Peter Billingsley and Christopher Lee. 12.50 News. 1.00 pm Paul Newman — At the Limit. 1.30 David Frost presents the Guinness Book of Records. 2.30 Scottish Cup Final: Dundee United v Celtic. 3.45 Half Time. 4.00 Second Half. 4.45 *Final Whistle/Presentation*. 4.50 Wembley Highlights. 5.25 Connections. 5.55 Riptide. 11.50 Reflections.

**GRANADA**

9.25 am Walt Disney presents. 5.20 pm Cartoon (Bugs Bunny). 5.25 "The Disappearance of Flight 412" starring Glenn Ford and Bradford Dillman. 10.00 "The Blue Max" starring George Peppard and James Mason. 12.45 am Steve Miller In Concert.

**HTV**

9.25 am The Wonderful Stories of Professor Kitzel. 11.58 HTV News. 5.20 "Gorgo" starring Bill Travers and William Sylvester. 11.55 Harvest Jazz Plus 2: Arnett Cobb alive.

**SCOTTISH**

8.25 am Walt Disney Presents. 11.00 Cartoon. 11.05 Feature Film: "Maserati and the Brain." 12.05 pm Feature Film: "Disaster on the Coastliner." (TV Movie). 2.30 Scottish Cup Final—Celtic v. Dundee United. 3.45 Half Time. 4.00 Second Half. 4.45 Final Whistle and Presentations. 4.50 Wembley Highlights. 6.20 Connections. 5.50 The Fall Guy. 11.55 Late Call. 12.00 Portrait of a Legend—Ricky Nelson.

**TSW**

9.25 am Walt Disney Presents. 11.00 Gus Honeybun's Magic Birthdays. 11.03 Freeze Frame. 11.57 TSW Regional News. 5.20 pm TSW Regional News. 5.22 Cartoon. 5.30 Feature Film: "Nightside," starring Doug McClure (TV Movie). 11.55 The Moviemakers. 12.30 am Postscript.

**TVS**

9.25 am Porky Pig. 11.58 TVS Weather. 5.20 pm Connections. 5.50 Knight Rider. 11.55 The Adventurer. 12.25 am Company.

**TYNE TEES**

9.25 am Morning Glory. 5.20 pm "The Battle for the Planet of the Apes." 11.55 Poet's Corner.

**ULSTER**

9.25 am Walt Disney Presents. 1.03 pm Lunchtime News. 5.17 Ulster News. 5.20 Cartoon. 5.25 Feature Film: "The Disappearance of Flight 412" starring Glenn Ford, Bradford Dillman, Guy Stockwell and David Soul. 8.25 Ulster News. 11.50 Sports Results. 11.55 News at Bedtime.

**YORKSHIRE**

9.25 am Regional Weather Forecast followed by Walt Disney Presents Goofy. 5.20 Cartoontime. 5.25 "The Disappearance of Flight 412," starring Glenn Ford, Bradford Dillman and Guy Stockwell. 11.55 That's Hollywood.

### RADIO

**BBC RADIO 2**

(S) = Stereo on VHF

8.05 am David Jacobs (S). 10.00 Sounds of the 60s (S). 11.00 Album Time (S). 12.30 pm Vince Hill's Solid Gold Music Show (S). 1.00 The News Huddlines. 1.30 Cup Final Sport on 2. Commentary on the game between Everton and Manchester United from Wembley Stadium. 100th Scottish Cup Final: commentary on Dundee United v Celtic at *Hampden Park*, plus Cricket Scoreboard at 1.45 pm, 2.30, 3.50, 5.15. 5.20 a round-up of the day's other sport and at 5.45 Classified Racing Results. 6.00 Folk on 2. 7.00 Jump! 7.30 Cricket Scoreboard: Gala Concert from Bexhill (S). 8.30 Big Band Special (S). 10.02 Sports Desk. 10.05 Steve Jones (S). 12.05 am Night Owls introduced by Dave Gelly (S). 1.00 Peter Dickson presents Nightride (S). 3.00-4.00 Wally Whyton introduces Country Concert (S).

**BBC RADIO 3**

7.00 am *News*. 7.05 Aubade (S). 8.00 News. 8.05 Record Review (S). 10.15 Stereo Release (S). 11.15 Hallé Orchestra (S). 12.05 pm Interval Reading. 1.00 News. 1.05 Music for two pianos (S). 2.00 Three Hundred Years On (S). 4.30 Clarinet and Piano (S). 5.00 Jazz Record Requests (S). 5.45 Critics' Forum. 6.35 Mozart (S). 7.00 The Teddy Bear and the Critics—Anthony Thwaite introduces an assessment of the late Sir John Betjeman as a poet. 7.50 Wagner's Ring: "Siegfried," simultaneous broadcast with BBC 2 (9.10-9.18; 10.35-10.45 Interval Reading) (S). 12.05-12.08 am News.

**BBC RADIO 4**

7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down to Earth. 7.55 Weather, Travel. 8.00 News. 8.10 Today's Papers. 8.15 Sport on 4. 8.45 Yesterday in Parliament. 8.57 Weather, Travel. 9.00 News. 9.05 Breakaway. 9.50 News Stand. 10.05 The Week in Westminster. 10.30 Pick of the Week (S). 11.30 From *our own Correspondent*. 12.00 News, Money Box. 12.27 pm I'm Sorry I Haven't a Clue (S). 12.55 Weather. 1.00 News. 1.10 Any Questions? from Ashington, Northumberland. 1.55 Shipping Forecast. 2.00 News, The Afternoon Play (S). 3.00 News. Instant Sunshine . . . Reasonably Together Again (S). 3.30 Strathinver. 4.15 Enterprise. 4.45 Letter from a Farm. 5.00 Wildlife (S). 5.25 Week Ending (S). 5.50 Shipping Forecast. 5.55 Weather, Travel. 6.00 News, Sports Round-up. *6.25 Russell Harty's Musical Encounters* (S). 7.05 Stop the Week with Robert Robinson (S). 7.45 Baker's Dozen (S). 8.30 Saturday Night Theatre (S). 9.58 Weather. 10.00 News. 10.15 Evening Service (S). 10.30 The Great Peacemakers. 11.00 Science Now. 11.30 The Cabaret Upstairs (S). 12.00-12.15 am News.

## SUNDAY

### BBC 1

† indicates programme in black and white

8.55 am Play School. 9.15 Superbook. 9.30 This Is The Way. 10.00 Asian Magazine. 10.30 Use Your Head. 10.55 Greek Language and People. 11.20 Letting Go. 11.45 The Learning Machine. 12.10 pm See Hear! 12.35 Farming. 12.58 Weather News for farmers. 1.00 News Headlines. 1.05 Bonanza. 1.55 Cartoon. 2.00 EastEnders. †3.00 Comedy Matinee "Dentist on the Job" starring Bob Monkhouse, Kenneth Connor, Shirley Eaton and Eric Barker. 4.25 Regional Programmes. 4.55 The Dukes of Hazzard. 5.45 The Antiques Roadshow. 6.25 Sue Cook appeals on behalf of The Cranstoun Projects. 6.30 News. 6.40 Praise Be! 7.15 Sorry! 7.45 Juliet Bravo. 8.35 Whicker's World. 9.25 That's Life. 10.20 News. 10.30 Heart of the Matter. 11.05 The Past Afloat. 11.30 A Family Band.

### BBC 2

1.55 pm Sunday Grandstand including Motor Racing (Monaco Grand Prix) and Cricket (John Player Special League). 6.50 News Review. 7.15 Stuart Burrows Sings. 7.50 Ourbur. 8.20 Growing For Gold. 8.50 Wynton Marsalis at the Usher Hall. 9.40 Grand Prix (highlights of the Monaco Grand Prix). 10.20 Bleak House. †11.15-12.45 am "The Web" starring Vincent Price and Edmond O'Brien.

### LONDON

6.55 am TV-am Breakfast Programme. 9.25 LWT Information. 9.30 Foghorn Leghorn. 9.45 Speedy Gonzales. 10.00 Morning Worship. 11.00 Getting On. 11.30 Breakthrough. 12.00 Weekend World. 1.00 pm Police 5. 1.15 The Smurfs. 1.30 The Big Game. 2.00 A Full Life. 2.30 London News Headlines followed by Afternoon Affair: "Showboat" starring Ava Gardner, Howard Keel and Kathryn Grayson. 4.30 Travellers By Night. 5.00 Now You See It. 5.30 Once In A Lifetime. 6.30 News. 6.40 Highway. 7.15 Bobby Davro on the Box. 8.00 Murder, Mystery, Suspense: "Murder, She Wrote" starring Angela Lansbury. 9.45 News. 10.00 One Summer. 11.00 London News Headlines followed by American Documentary: "Better Off Dead?" 11.55 Night Thoughts.

### CHANNEL 4

1.05 pm Irish Angle. 1.30 Tennis That Counts. 2.00 A Question of Economics. 2.30 "La Forza del Destino" Leontyne Price and Giuseppe Giacomini as Leonora and Don Alvaro in New York Metropolitan Opera production. 5.30 News Summary followed by The Business Programme. 6.15 National Festival of Movement and Dance. 7.15 Webs And Other Wonders. 6.15 The Snowhedge. 9.45 Apocalypse—A personal view by James Winny. †10.45 "Hangover" starring Katharine Hepburn and Cary Grant.

### S4C WALES

1.15 pm Lakeland Rock. 2.00 Gardeners' Calendar. 2.30 Para Jamais Vu. 2.55 Cwpan Pel-Droed Cymru. 5.00 The Wine Programme. 5.30 The Business Programme. 6.15 The National Festival of Movement and Dance. 7.20 Ar Cunket Seth. 7.30 Newyddion. 7.35 Tocyn Tramor. 8.10 Pwy Sy'n Perthyn? 8.40 Er Gwaetha'r Galyn. 9.25 Dechrau Canu Dechrau Canmol. 9.55 Winston Churchill—The Wilderness Years. 10.55 The Late Clive James *Show*. 11.40 *Seven Days*.

### REGIONS

IBA Regions as London except at the following times:—

**ANGLIA**

9.30 am Survival. 1.00 pm Silver Spoons. 1.25 Weather Trends. 1.30 Farming Diary. 2.30 Sunday Cinema: "Bhowani Junction" 11.00 Shelley. 11.30 The Irish RM. 12.30 am The Blockbuster Question.

**BORDER**

9.25 am Gardening Time. 9.55 Border Diary. 1.00 pm Perspective. 1.30 Farming Outlook. †2.30 Film: "The Lady Vanishes" starring Margaret Lockwood and Michael Redgrave. 4.15 Cartoon Time. 11.00 Movie Makers.

**CENTRAL**

9.25 am The Wonderful World of Professor Kitzel. 9.30 Breakthrough. 11.30 Gardening Time. 1.00 pm Cartoon Alphabet. 1.30 Here And Now. 2.30 The Weekend Matinee: "The Magnificent Seven Deadly Sins" starring Harry Secombe, Ian Carmichael and Spike Milligan. 11.00 The Late Night Continental: "How To Destroy The Reputation Of The Greatest Secret Agent" starring Jean-Paul Belmondo.

**CHANNEL**

12.25 am Today's Weather. 12.28 Starting Point. 12.30 Link. 1.00 Gardens For All. 1.30 A Sense of the Past. 2.00 A Full Life. 2.30 The Victory Matinee: "Churchill: The Finest Hours." 11.00 The Moviemakers. 11.30 The Streets of San Francisco.

**GRAMPIAN**

9.25 am Cartoon. 9.30 Captain Scarlet. 10.00 Once Upon A Time . . . Man. 10.30 Personal View—Richard Baker OBE. 1.00 pm Farming Outlook. 1.30 Survival. 2.30 Sunday Matinee—"Barefoot in the Park" starring Robert Redford, Jane Fonda and Charles Boyer. 11.00 New From London—"Amazulu." 12.00 Reflections.

**GRANADA**

9.25 am Miniature Chess Masterpieces. 9.30 The Human Face of Japan. 11.25 Aap Kaa Hak. 11.30 Down To Earth. 1.00 pm The Champions. 2.30 Sunday Matinee—Stewart Granger and Elizabeth Taylor in "Beau Brummell." 5.00 Once In A Lifetime. 6.00 New You See It. †11.00 The Late Film: "Donald Sinden and Muriel Pavlow in "Tiger In the Smoke."

**HTV**

9.25 am Individually Yours. 1.00 pm The Adventurer. 1.30 West Country Farming followed by Weather for Farmers. 2.30 Once in a Lifetime. 3.30 What Makes a Bestseller?—Jeffrey Archer. 6.00 Definition. 5.30 Falcon Crest. 6.38 HTV News. 11.00 Looks Familiar. 11.45 Nature of Things.

**SCOTTISH**

9.25 am Cartoon Time. 9.30 Breakthrough. 10.00 Sesame Street. 11.30 Sunday Service. 1.00 pm Happy Days. 1.30 Farming Outlook. 2.00 Cloud of Witnesses. 2.30 The Glen Michael Cavalcade. 3.15 Looks Familiar. 4.00 Dreams. 11.00 Late Call. 11.05 Studio Special.

**TSW**

9.25 am Getting On followed by Gating On . . . Plus. 11.00 Breakthrough. 11.25 Look and See. 11.30 The Crazy World of Sport. 1.00 pm Gardens For All. 1.30 Farming News. 2.30 The Victory Matinee: "The Finest Hours" starring Orson Welles, Patrick Wymark, George Baker and Faith Brook. 11.00 Sally. 11.30 Streets of San Francisco. 12.25 am Postscript.

**TVS**

9.25 am Action Line. 9.35 Fang Face. 1.00 pm Agenda. 1.30 Farm Focus. †2.30 The Sunday Matinee: "The Count of Monte Cristo" with Robert Donat. 6.25 TVS News. 11.00 The Mysteries of Edgar Wallace. 12.00 Portrait of a Legend (Pat Boone). 12.30 am Company.

**TYNE TEES**

9.25 am Morning Glory. 9.30 Getting On. 11.00 Breakthrough. 11.25 Lookaround. 11.30 Captain Scarlet and the Mysterons. 1.00 pm Farming Outlook. 1.30 The Smurfs. †2.30 The Sunday Matinee: "A Town Like Alice" starring Peter Finch and Virginia McKenna. 11.00 The Beverly Hillbillies. 11.30 Epilogue.

**ULSTER**

12.58 pm Lunchtime News. 1.00 Advice with Anne Harles. 1.15 Cartoon Time. 1.30 Sygonee. 1.58 Farming Weather. 2.30 Feature Film: "The Magnificent Seven Deadly Sins" starring Bruce Forsyth, Harry Secombe, Leslie Phillips, Harry H. Corbett, Roy Hudd, Julie Ege, Ian Carmichael and Spike Milligan. 6.38 Ulster News. 9.57 Ulster News. †11.00 The Mysteries of Edgar Wallace. 11.50 Sports Results. 1.55 News at Bedtime.

**YORKSHIRE**

9.25 Regional weather forecast followed by Getting On. 11.00 Breakthrough. 11.30 Farming Diary and Farming Weather. 1.00 pm The Champions. 2.30 Sunday Cinema: "Demetrius and the Gladiators" starring Victor Mature and Susan Hayward. 4.25 Cartoon Time. 11.00 In Concert: Mac Davies. 12.15 am Five Minutes.

### RADIO

**BBC RADIO 2**

(S)—Stereo on VHF

8.00 am Melodies For You (S). 11.00 Desmond Carrington with your Radio 2 All-Time Greats (S). 1.00 Ray Moore presents Two's Best (S). 2.00 Summer Sounds. 6.30 Charlie Chester with your Sunday Soapbox. 7.30 Cricket Scoreboard. 7.35 Glamorous Nights. 8.30 Sunday Half-Hour. 9.00 Your Hundred Best Tunes introduced by Alan Keith. 10.02 Sports Desk. 10.05 Songs from the Shows. 10.45 Neil Richardson at the piano. 11.00 Sony Awards Special. 12.05 am Sounds of Jazz with Peter Clayton (S). 1.00 Peter Dickson presents Nightride (S). 3.00-4.00 Ray Moore presents Two's Best (S).

**BBC RADIO 3**

7.00 am News. 7.05 Amadeus Quartet (S). 8.00 Bach Cantatas 1724 (S). 8.20 Domenico Scarlatti (S). 9.00 News. 9.05 Your Concert Choice Mozart (S). 10.30 Music Magazine (S). 11.15 St Louis Symphony Orchestra part 1: Suk, Smetana (S). 11.55 Words. 12.00 St Louis Symphony Orchestra part 2: Janacek (S). 12.25 pm Strauss and Prokofiev (S). 1.30 BBC Philharmonic Orchestra (S). 2.40 Oboe and Piano Music (S). 3.15 Early Music from the Proms: Purcell's "Hail, bright Cecilia". 4.10 Interval Reading. 4.15 Handel: "Dixit Dominus" (S). 4.50 Bagatelles (S). 6.30 New Premises. 8.15 Now and Then (S) (8.45 Interval Reading). 7.30 "Species Planetarum. Play by Sheila Bradley (S). 8.00 The Vigil of the Orthodox Church. A new setting by John Tavener (S). 11.00 Chilingirian Quartet (S). 11.57-12.00 News.

**BBC RADIO 4**

8.00 am News. 8.10 Sunday Papers. 8.15 Sunday. 8.50 Archbishop Worlock appeals on behalf of the Catholic Housing Aid Society. 8.55 Weather; Travel. 9.00 News. 9.10 Sunday Papers. 9.15 Letter From America by Alistair Cooke. 9.30 Morning Service. 10.15 The Archers. 11.15 The Food Programme. 11.40 Home-ing In (S). 12.10 pm It's Your World: Pik Botha, South African Foreign Minister, answers questions from around the world (simultaneous broadcast with BBC World Service). 12.55 Weather. 1.00 The World This Weekend. 1.55 Shipping Forecast. 2.00 News: Gardeners' Question Time. 2.30 The Afternoon Play (S). 4.00 News: Night Out in Novosibirsk. 4.30 Talk of the Town, Talk of the Country. 5.00 News; Travel. 5.05 Sir Adrian Boult (profile). 5.50 Shipping Forecast. 5.55 Weather. 6.00 News. 6.15 Feedback. 6.30 Bookshelf. 7.00 Travel: The Meistersinger. 7.30 The Thatcher Phenomenon. 8.00 The Leopard. 8.30 A World in Edgeways (S). 9.00 News: Daughters and Sons, by Ivy Compton-Burnett (S). 9.58 Weather. 10.00 News. 10.15 You the Jury (S). 11.00 There's Music in God (S). 11.15 Inside Parliament. 12.00-12.15 am News.

**Chess solutions**

(c) 1 R-K1! RxR; 2 RxR, KxR; 3 R-QB1, N-R3; 4 B-B1 wins the QBP with the better position. Pachman chose (b) 1 R-B3? P-QR4! 2 P-N5, R-R2; 3 KR-QB1, N-Q2! when Black is safe (4 RxP, RxR; 5 RxR, R-K8 ch; 6 B-B1, B-R6). Other moves are too slow, eg (d) 1 P-N5, P-QR3; 2 P-QR4, PxP; 3 PxP, R-R2 and . . . N-Q2.